ssa annual report

PROGRAM ADMINISTRATION AND ORGANIZATIONAL ACTIVITIES
FISCAL YEAR 1971

SOCIAL SECURITY ADMINISTRATION
OA: AP-13

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FISCAL YEAR 1971

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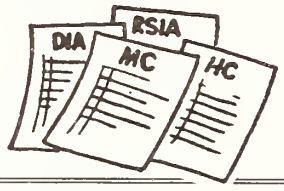
SSA FACTS — FISCAL YEAR 1971

OPERATIONS

INITIAL CLAIMS FILED



	Millions
Retirement and Survivors Insurance Applications	3.7
Disability Insurance Applications	1.4
Hospital Claims	17.9
Medical Claims	49.1

BENEFICIARIES

As of 6/30/71

	Millions
RSI PROGRAM	
Workers	14.6
Dependents & Survivors	10.9
Total	25.5
DI PROGRAM	
Workers	1.6
Dependents	1.2
Total	2.8
HI PROGRAM	
Hospital (HI)	20.2
Medical (SMI)	19.4

BENEFITS PAID

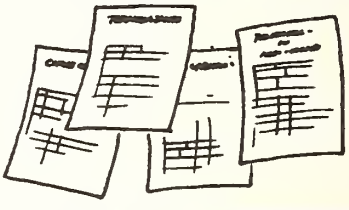
	Millions
	$ 31,101
	3,381
	5,443
	2,035

TRUST FUND BALANCES

As of 6/30/71

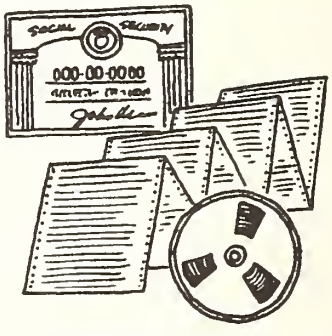
	Millions
	$ 34,332
	6,408
	3,103
	289

MAINTAINING RETIREMENT, SURVIVORS, AND DISABILITY INSURANCE MONTHLY ROLLS—SELECTED POST-ENTITLEMENT ACTIONS



	Millions
Changes of Address	3.5
Terminations	2.9
Suspensions	.3
Reinstatements and Adjusted Awards	9.3

RECORDS MAINTENANCE



	Millions
Social Security Cards Issued (New & Duplicate)	11.1
Earnings Items Posted	358.0
Earnings Records Requested	
RSI Claims Received	3.4
DI Claims Received	1.1
Medicare Bills Posted to Utilization Tape	
Hospital	15.7
Medical	40.4

HEARINGS

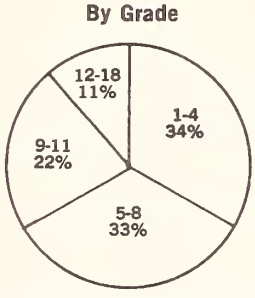
Disability Insurance	40,703
Retirement and Survivors Insurance	4,994
Health Insurance	4,395
TOTAL	50,092

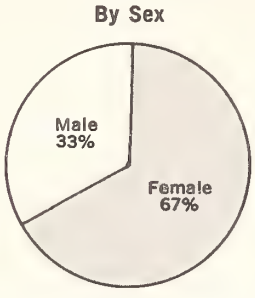
ADMINISTRATION

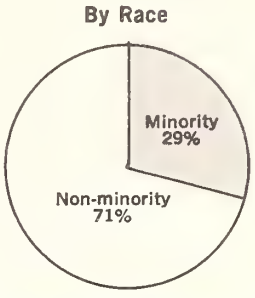
PERMANENT STAFF ON DUTY

As of 6/30/71

Bureau of District Office Operations	20,943	Bureau of Hearings & Appeals	1,352
Bureau of Retirement & Survivors Ins	13,017	Bureau of Health Insurance	1,563
Bureau of Data Processing	8,922	All Others	2,138
Bureau of Disability Insurance	4,290	TOTAL	52,225



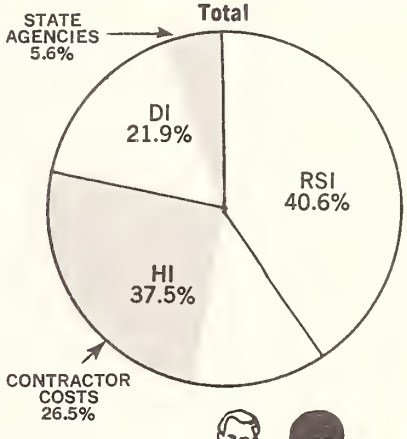




FINANCES

Administrative Costs

	Millions
Retirement and Survivors Insurance	$ 422.0
Disability Insurance	228.2
Health Insurance	390.7
TOTAL	1,040.9



Selected Cost Categories

	Millions
SSA Personnel	$ 580.5
Payments to Intermediaries	263.6
Payments to States	71.3
Rent, Equipment, Supplies, etc.	107.6
EDP Rental and Purchase	17.9

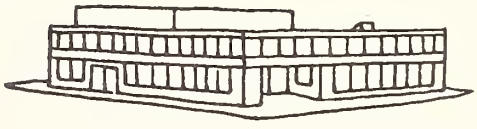
Unit Costs

RSI Claims	$ 38.71
DI Claims (SSA and SA's)	136.71
Hospital Claims (SSA and Intermediaries)	5.29
Medical Claims (SSA and Carriers)	3.62

MATERIAL

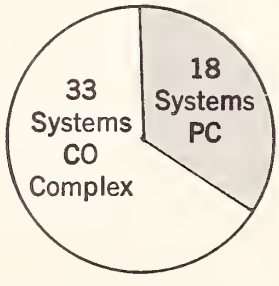
Buildings

	No.	Sq. Ft. (Millions)
Central Office	15	2.5
Payment Centers	22	1.9
District Offices and Branch Offices	886	4.2
Hearings Offices	75	.3



EDP Equipment

Total Computer Systems



Selected Systems Equipment

Electronic Data Processors	1,979
Electronic Accounting Machines	2,040
Reels of Tape	200,000

Foreword

The SSA Annual Report for Fiscal Year 1971 is an internal document designed to fulfill two purposes. First, it attempts to meet SSA managers' "need to know" by providing a convenient source of program, operating, and budget information. Second, it documents the significant administrative and program events of 1971 for future historical reference. As a current history of SSA, it attempts to assess its organizational health as reflected in the quality and quantity of work processed and in the progress made during the year toward meeting administrative goals.

The report is divided into two parts. The first part focuses on the RSI-DI-HI and Black Lung programs and their administration; it describes events and accomplishments on a broad, SSA-wide basis. The second, more detailed section focuses on the organization rather than the programs per se, and describes events and accomplishments on a component-by-component basis.

This report generally follows the format and style of the prototype for 1970 which received a limited distribution. A few changes have been made to make the report a more useful reference document and the table of contents has been expanded to cover all topical paragraphs. Each section has been devised to stand by itself; thus many of the charts appear in more than one section. This report has been prepared with the assistance of all SSA components; each has reviewed the parts of the report for which it contributed material or data. All time period references are to fiscal rather than to calendar year unless otherwise noted.

Jack S. Futterman
Assistant Commissioner
for Administration

Some Common Abbreviations Used in This Report

ADP ..... Automatic Data Processing
AFGE ..... American Federation of Government Employees
ARS ..... Advanced Record System
BDI ..... Bureau of Disability Insurance
BDOO ..... Bureau of District Office Operations
BDP ..... Bureau of Data Processing
BHA ..... Bureau of Hearings and Appeals
BHI ..... Bureau of Health Insurance
BL ..... Black Lung
BO ..... Branch Office
BRSI ..... Bureau of Retirement and Survivors Insurance
CA ..... Claims Authorizer
CO ..... Central Office
CR ..... Claims Representative
DI ..... Disability Insurance
DIB ..... Disability Insurance Benefits
DIO ..... Division of International Operations
DO ..... District Office
EDP ..... Electronic Data Processing
GS ..... General Schedule
HE ..... Hearings Examiner
HI ..... Health Insurance
HR 1 ..... Major Social Security and Welfare Reform Bill Passed by the House of Representatives
HR 17550 ..... Social Security Amendments of 1970
LSDP ..... Lump-Sum Death Payment
MBR ..... Master Beneficiary Record
OA ..... Office of Administration
OAC(F) ..... Office of Assistant Commissioner (Field)
OPA ..... Office of Public Affairs
OPEP ..... Office of Program Evaluation and Planning
ORS ..... Office of Research and Statistics
OT ..... Overtime
Part A ..... Hospital Insurance Program of Medicare
Part B ..... Supplementary Medical Insurance Program of Medicare
PC ..... Payment Center
PE ..... Post-Entitlement
RC ..... Regional Commissioner
RO ..... Regional Office
RSI ..... Retirement and Survivors Insurance
SA ..... State Agency
SCIP ..... Selected Claims in Process
S/E ..... Self-employment
SMI ..... Supplementary Medical Insurance Program of Medicare
SS-5 ..... Application for a Social Security Number
SSN ..... Social Security Number
VR ..... Vocational Rehabilitation

Contents

Part 1

Program Administration

SSA GENERAL ADMINISTRATION

↑ Up
↓ Down

FISCAL YEAR 1971

1971 compared to 1970 unless otherwise noted

WORKLOADS

Comparison of Workloads Received and Processed as a Percent of Workload Estimates

Received	Processed
99.8%	99.5%

STAFFING/MANPOWER

Permanent Staff on Duty as of 6/30/71

BDOO	20,943	↑ 571
BRSI	13,017	↑ 568
BDP	8,922	↑ 283
BDI	4,290	↑ 252
BHI	1,563	↑ 266
BHA	1,352	↑ 81
All Others	2,138	↑ 156
Total	52,225	↑ 2,177

	Man-years	
Manpower for Year	55,438	↑ 3.3%

Productivity Growth 2.4%

Comparison of Work Output Versus Manpower

Base year 1960 = 100

Manpower Index	215	↑ 3.4%
Work Output Index	335	↑ 6.0%

Cost Reduction Program

Man-years	Cost Savings Money
2,022	$19.9 million

MINORITY EMPLOYMENT [1]

(with absolute changes)

As Percent of Total GS Staff

27.4 ↑ .7%

As Percent of GS-10 and Above

Total SSA	Hdqs.	All Regions
8.8 ↑ .6%	9.5 ↑ .8%	8.3 ↑ .4%

[1] Negroes constitute 90% of all minority employees, Spanish-Americans 7%.

WOMEN

As Percent of Total GS Staff

Total	67.4	
GS 1-4	87.5	↓ 1.8%
GS 5-8	81.7	↓ 0.2%
GS 9-11	43.0	↑ 1.8%
GS 12-18	13.9	↑ 3.1%

SYSTEMS

Computer Systems Installed SSA-wide

Machine		
Small Computer	1	⟷
Medium Computer	33	↓ 4
Large Computer	14	↑ 2
Special Computer	3	⟷

Costs for ADP Systems (Thousands)

$59,533 ↑ 1%

ADMINISTRATIVE COSTS

Costs of Major Functions (Millions)

Retirement & Survivors Insurance	$422.0	↑ 7.8%
Disability Insurance	228.2	↑ 22.0%
Health Insurance	390.7	↑ 12.9%
Total	1,040.9	↑ 12.6%

Share of Total Costs by Major Administrative Bodies (percentage)

		Absolute Change
States	6.8	↑ .6
Intermediaries	25.3	⟷
SSA	67.9	↓ .6

Unit Costs Per Claim

Program	Unit Cost	
RSI	$ 38.71	↑ 7.2%
DI		
SSA Plus State Agency	136.71	↑ 5.8%
State Agency Only	58.82	↑ 9.5%
HI Part A		
SSA Plus Intermediary	5.29	↑ 7.3%
Intermediary Only	4.59	↑ 14.5%
HI Part B		
SSA Plus Carrier	3.62	⟷
Carrier Only	3.31	↑ 6.4%

Program Administration

A. GENERAL ADMINISTRATION

1. WORKLOADS, PROCESSING TIME, AND ACCURACY

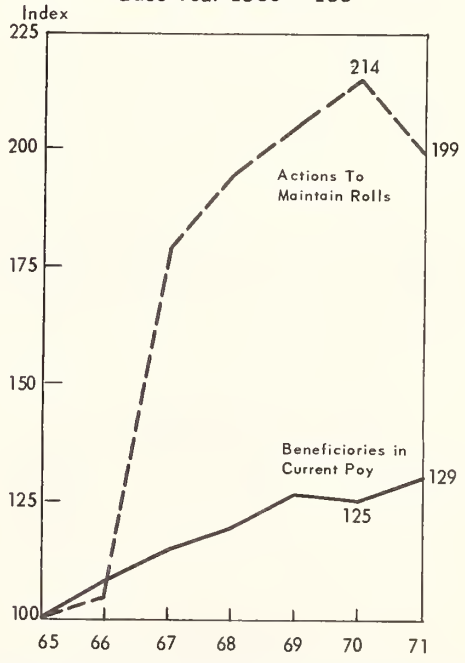
The total number of RSDI initial claims receipts increased in 1971, with DI worker claims reflecting the most significant gains—up 19 percent over 1970, while black lung claims (BL) dropped 20 percent. RSI and DI pendings at end of year were both about 17 percent above the 1970 level. Hearings and appeals was still an area of concern as workloads and processing time continued to climb despite an increase in hearings examiner productivity and the hiring of new hearings examiners. Receipts increased by 23 percent, end-of-year pendings increased by 52 percent, and processing time increased from 106 days at the end of 1970 to 120 days at the end of 1971.

a. Retirement and Survivors Insurance

RSI Claims Receipts in DO's
(Thousands)

1969	1970	1971
3,588	3,567	3,678

Index of Growth in Number of RSI Beneficiaries in Current Pay [1] and Actions Per Year to Maintain Rolls [2]
Base Year 1965 = 100



[1] As of June 30.
[2] Includes: (1) all actions affecting payment of benefits except automated benefit conversions, and (2) changes of address in automated actions where payments are not affected.

As the first chart shows, receipt of initial RSI applications increased by 3.1 percent. Although the number of people in current pay increased by 29 percent from 1970, the number of actions to maintain the beneficiary rolls (second chart) declined for the first time since 1965.

At the end of June 1971, pendings of initial claims at all work stations were 17.5 percent above those of a year earlier. While DO's showed a 5.2 percent reduction in pending, PC's had a 37.3 percent increase. Processing time was exactly the same at end of 1971 as it had been at the end of 1970, although it averaged slightly higher during the year.

RSI Pendings
(end of year, in Thousands)

	1969	1970	1971
DO	152	154	146
PC	210	177	243
Total	362	331	389

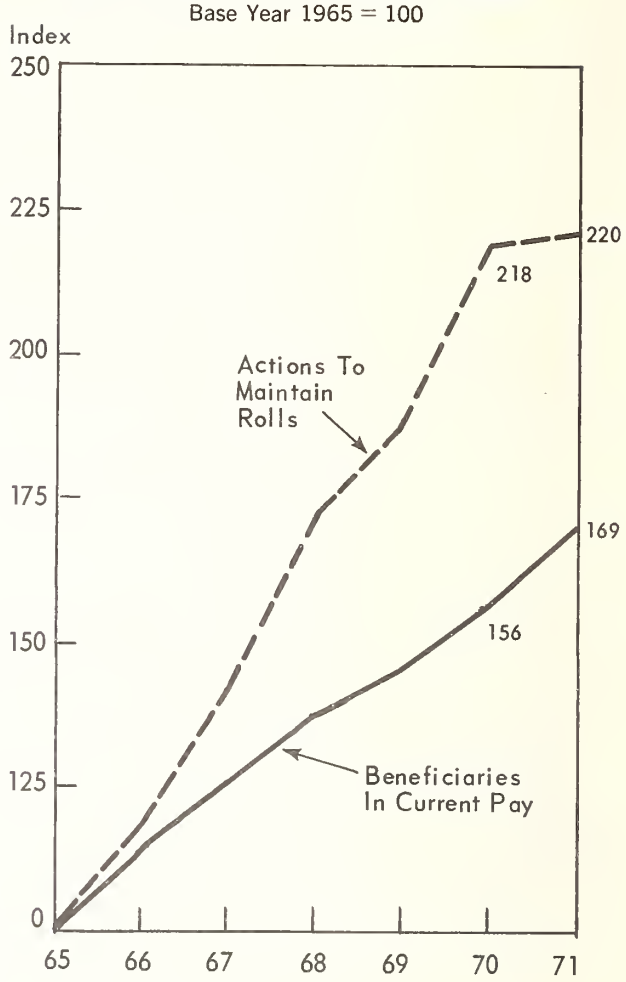
RSI Processing Time
(Claims, Mean)

6/69	50 Days
6/70	48 Days
6/71	48 Days

b. Disability Insurance

For the year, initial disability claims receipts for workers rose 19 percent. Weekly receipts for the year averaged 17,800 per week, but for the fourth quarter alone the average was 18,700. High receipts are expected to continue for most of 1972. By June 1971, total pendings were 17 percent higher than at the end of 1970. Pendings in State agencies (SA) accounted for most of this increase; they increased by 57 percent over the previous year.

Index of Growth in Number of DI Beneficiaries in Current Pay [1] and Actions Per Year to Maintain Rolls [2]
Base Year 1965 = 100



[1] As of June 30.
[2] Includes: (1) all actions affecting payment of benefits except automated benefit conversions, and (2) changes of address in automated actions where payments are not affected.

From 1965 through 1971, beneficiaries in current pay increased 69 percent, while actions to maintain the rolls increased 120 percent.

Initial DIB Applications
(Thousands)

1969	1970	1971
714.8	778.8	925.2

Initial DIB Claims Pendings
(Thousands)

	DO	SA	BDI	Total
June 30, 1970	77.2	55.9	26.9	160.0
June 30, 1971	68.0	87.8	30.3	186.0

DI Beneficiaries in Current Payment Status
(Thousands)

	Worker	Dependent	Total
June 30, 1970	1,435.9	1,131.6	2,567.5
June 30, 1971	1,561.1	1,227.0	2,788.2

DI Benefit Payments
($ Millions)

	Worker	Dependent	Total
1970	2,206	572	2,778
1971	2,716	666	3,381

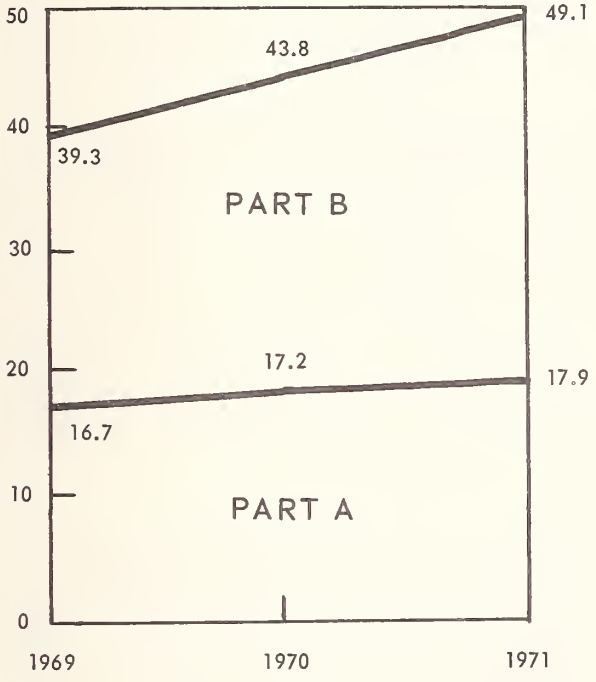
Processing time for DI claims in 1971 was considerably higher than for the prior year.

Processing Time (Average for)			
1970	87 Days	June 1970	88 Days
1971	103 Days	June 1971	108 Days

c. Health Insurance

Medicare claims totalled 67 million for the year —an increase of 9.8 percent over 1970. Part B claims rose at a faster rate than Part A claims (12.1 percent and 4.1 percent, respectively).

Medicare Claims Receipts
(Millions)



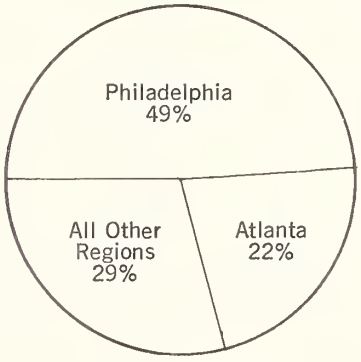
Pending Workloads (End of year, in thousands)		
	Part A	Part B
1969	382	2,342
1970	482	2,419
1971	500	2,300

Contractor Processing Time (Mean)			
Bill Processing	1969	1970	1971
Part A	18.6 days	15.7 days	NA
Part B	26.6 days	24.9 days	24.9 days

d. Black Lung Program

By the end of the year, benefits totaling $330 million had been awarded to 198,000 beneficiaries. During the same period, approximately 142,000 denials had been issued with 64,000 requests for reconsideration filed, and about 13,000 reconsideration decisions had been released to the applicants. BL cases had not yet become a significant factor in the hearings workload, but BHA was gearing up in anticipation of a large volume of hearing requests.

Receipts of Black Lung Claims by Region—1971



e. Hearing Requests

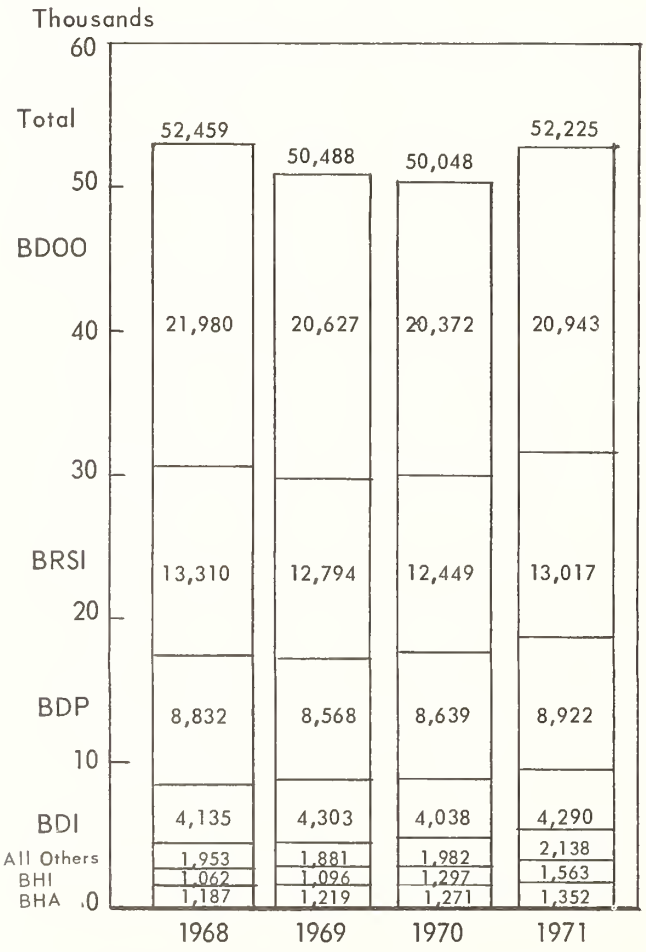
Requests for hearings were 23 percent over those of 1970. In spite of an increase in staff and improved productivity, end-of-year pending requests increased 52 percent above June 1970 to about 21,000. Processing time went up from 106 days at the beginning of the year to 120 days at the end. Only 2,300 BL requests were received during 1971, but additional increases in the workload are expected during the next 2 years as more BL hearings requests are received.

Hearing Requests		
	Receipts	June Pendings
1970	42,573	13,747
1971	52,427	20,873

2. MANPOWER, OVERTIME, AND PRODUCTIVITY [1]

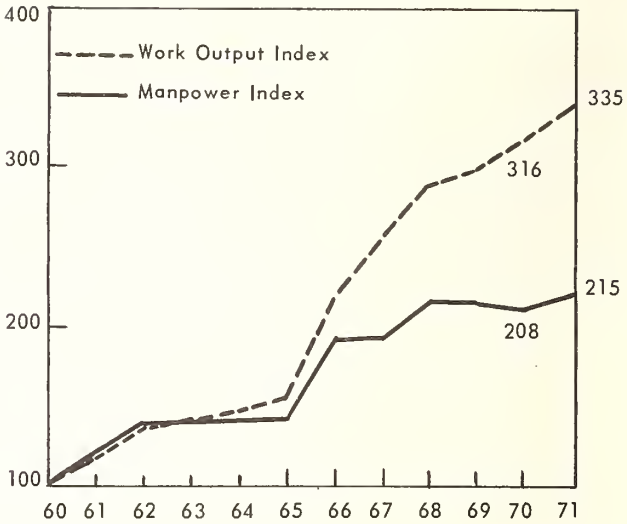
When restrictions on staffing which had been in effect over the last 2 years were lifted, SSA was able to increase its permanent staff on duty by 4 percent. Temporary employment was also increased to handle the 1971 benefit conversion and the increase in disability claims, but had to be cut toward the end of the year when the ceiling for temporaries was reduced. The substantial rise in the number of employees helped SSA overcome the staff imbalance in grade distribution and geographic location that had resulted from sharp staff reduction in the prior 2 years.

Permanent Staff on Duty
(As of June 30)

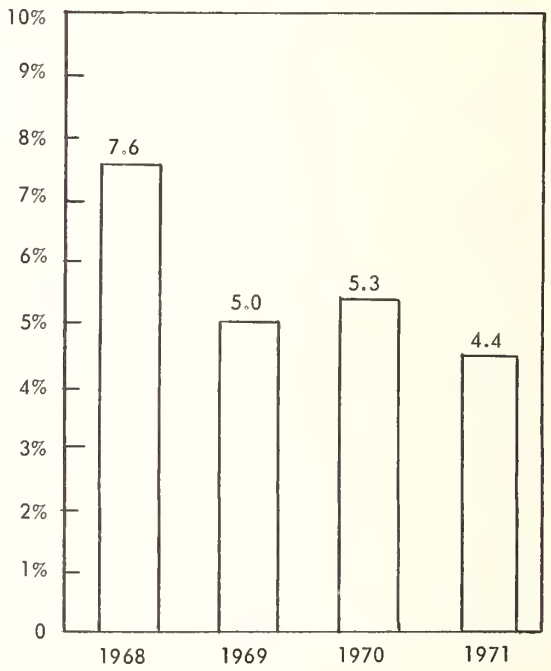


[1] The manpower and financial data in this section are based on SSA's salary and expenses appropriation, which does not include reimbursable, construction, and BL data. Costs of administering the BL program during 1971 came to approximately 1,342 man-years and $21.5 million.

Comparison of Work Output vs. Manpower, 1960-1970
Base Year 1960 = 100



Overtime as a Percent of Total Manpower



With work performed by SSA staff increasing by 5.8 percent over 1970, and total manpower increasing by 3.3 percent, there was a productivity rise of about 2.4 percent during 1971. The larger staff also enabled SSA to reduce the amount of overtime used.

Total Manpower (in Man-Years) Including Overtime (OT)

	1970			1971		
	Regular	OT	Total	Regular	OT	Total
Total SSA	**50,811**	**2,837**	**53,648**	**52,968**	**2,470**	**55,438**
BDOO	20,674	811	21,485	21,203	448	21,651
BRSI	12,823	1,015	13,838	13,679	864	14,543
BDP	8,613	677	9,290	8,703	564	9,267
BDI	4,118	179	4,297	4,185	407	4,592
All Others	2,069	66	2,135	2,348	83	2,431
BHI	1,276	49	1,325	1,525	67	1,592
BHA	1,238	40	1,278	1,325	37	1,362

Comparison of Manpower With Work Output [1]

Fiscal Year	Personnel (Man-years)	Personnel Index	Work Output Index	Productivity Index [2]
1960 [3]	25,829	100	100	100
1961	30,063	116	114	98
1962	34,741	134	132	98
1963	34,959	135	138	102
1964	35,448	137	145	106
1965	35,345	137	152	111
1966	48,473	188	219	117
1967	49,650	192	254	132
1968	54,770	212	287	136
1969	54,405	211	299	142
1970	53,648	208	316	152
1971	55,438	215	335	156

[1] Excludes workload and manpower of State agencies and intermediaries; also excludes black lung and reimbursable work.

[2] Productivity index $= \frac{\text{Work Output Index}}{\text{Personnel Index}} \times 100$

[3] 1960 used as base year.

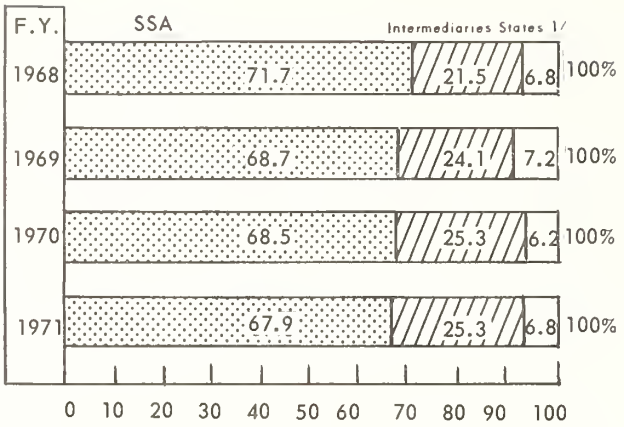
3. ADMINISTRATIVE COSTS

Costs to administer the RSI-DI-HI programs in 1971 were $1,041 million, 12.6 percent above 1970 and 46.1 percent higher than 1968. The rise in administrative costs from 1968-1971 has averaged about 15.4 percent per year. In 1971 the SSA share of these costs dropped slightly while the States' share rose 0.6 percent, and the intermediaries' share remained the same.

Costs of Major Functions
(Millions)

	Total		RSI		DI		HI	
FY	Amount	% of Year Total	Amount	% of Year Total	Amount	% of Year Total	Amount	% of Year Total
1968	$712.7	100	$326.6	45.8	$143.4	20.1	$242.6	34.1
1969	805.8	100	349.9	43.4	167.9	20.8	288.0	35.8
1970	924.3	100	391.3	42.4	187.0	20.2	346.0	37.4
1971	1,040.9	100	422.0	40.6	228.2	21.9	390.7	37.5

Share of Total Costs by Major Administrative Bodies
1968-1970

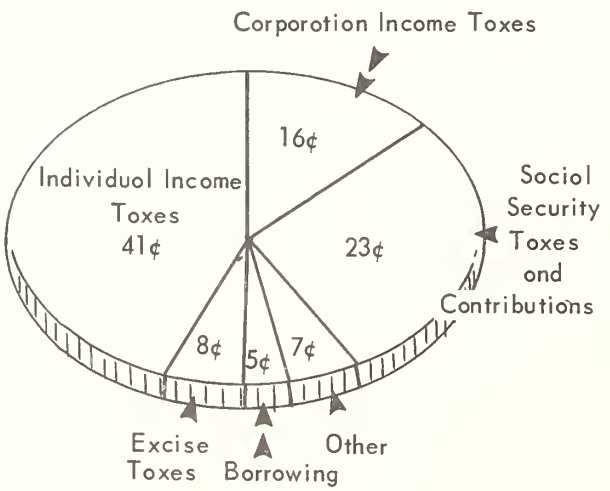


[1] States' cost includes those attributable to both the HI and DI programs.

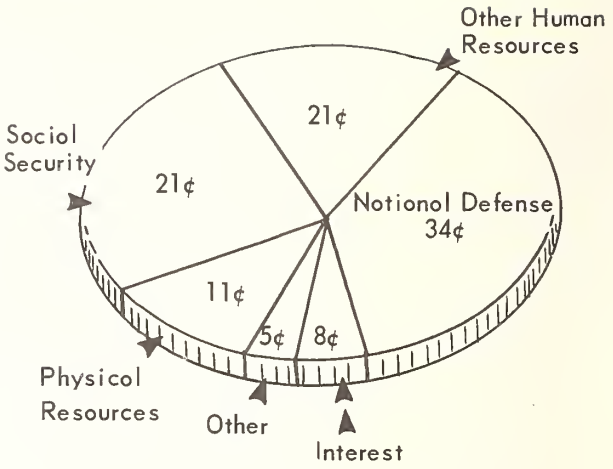
The social security trust funds have assumed major significance in the process of Federal budget making. When presented as part of the Unified Budget by the Executive Branch, the income and outgo of the social security trust funds comprise more than one-fifth of the total Federal budget. In the President's 1972 budget the trust funds are budgeted to spend almost $48 billion in 1972.

The Budget Dollar
Fiscal Year 1972 Estimate

Where it comes from . . .



Where it goes . . .



4. SERVICE TO THE PUBLIC

Recent operational improvements provided quicker and more effective service to claimants, beneficiaries, and others.

a. Teleservice and Employer Assistance

During the year, SSA significantly expanded its efforts to tailor service more closely to the needs and preferences of individual claimants and beneficiaries. A wide range of claims and post-entitlement activities, traditionally handled by face-to-face interviews, were conducted by telephone, mail, or with the assistance of third parties, especially employers. At the end of 1971, about 30 percent of all claims and post-entitlement notices were being handled by telephone.

The Metropolitan Answering Service (MAS) (a group of people with special telephone equipment to handle calls for a cluster of DO's) was expanded to serve five cities. These MAS units will probably handle about 3 million calls per year for the 50 offices they serve.

The program to increase the cooperative efforts of employers, unions, and other organizations in making services (including preretirement interviewing, taking claims, and obtaining necessary proofs) available to the public was also expanded. By June 30, over 3,080 employers (with 8½ million employees) were providing such assistance in their own establishments.

b. Procedural, Systems, and Other Improvements

The direct post-entitlement input system was also expanded during the year. Under this system, the DO bypasses the PC and feeds post-entitlement notices directly into the computer. This year, stop and start work notices and age-18 student-conversion cases were added to this system. DO's processed some 5.8 million post-entitlement notices through this process during 1971.

Simultaneous development procedures for DI claims, in which the State agency develops the disability factors of a claim while the DO develops the other entitlement factors, were also extended to 28 additional States during 1971. By June 30, 1971, 36 States were using these procedures.

In the RSI claims process, the procedures for limited review of claims in the PC's were expanded to include a greater number of initial claims. During 1971, about 45 percent of all RSI claims were finally adjudicated by DO's, with either a 5 or 10 percent sample review of these claims by the PC's.

Use of telecommunications to request duplicate social security cards in the DO and computer processing of the requests in BDP resulted in faster delivery of the duplicate cards to the people requesting them. The opening of 44 additional branch offices (BO's) (bringing the total to 235) made social security service more convenient for people living in those areas.

5. SYSTEMS

During 1971 systems improvements contributed materially to SSA's overall productivity gains of 2.4 percent and cost savings of approximately 2,022 manyears and $19.9 million.

Among the systems highlights for the year was the establishment of eight priority systems objectives aimed not only at improving SSA's systems capabilities but also helping "clear the decks" for expected major legislation. Those objectives were to:

- Automate the account number issuance and maintenance process.
- Implement the redesigned initial claims process.
- Implement the redesigned manual adjustments process (MADCAP).
- Assure direct input of all post-entitlement notices.
- Provide Master Beneficiary (MBR) printouts for action in any manual processing case.
- Improve the data recorded on the MBR.
- Eliminate folder documentation of actions taken.
- Implement the planned daily updating system in health insurance and eliminate the open-bill problem.

SSA-Wide Computer Systems
(As of June 30)

Machine	67	68	69	70	71
Small Computers	4	2	1	1	1
Medium Computers	20	39	40	37	33
Large Computers	3	5	6	12	14
Special Purpose	2	2	3	3	3
Total Computer System	29	48	50	53	51 [1]

[1] 33 of the systems are located in the Central Computer Complex and 18 in the payment centers.

Costs for ADP Systems
(Thousands)

Function	1969	1970	1971
Salaries	$34,019	$38,009	$37,937 [1]
Equipment Rentals	9,591	10,680	13,543
Purchases	6,762	6,949	5,055
Supplies and Other Costs	1,545	1,611	1,284
Contractual Services	501	913	1,365
Site Preparation	26	553	114
Machine Time from other Government Agencies	170	253	235
TOTAL COSTS	$52,614	$58,968	$59,533

[1] A change in the interpretation of what categories of positions constitute "ADP positions" resulted in a lower salaries figure for 1971.

SSA asked a Westinghouse consultant team to make a 9-month analysis of SSA's ADP systems. The group's recommendations on the most efficient use of the ADP organization and management, personnel, data processing techniques, and equipment were under study at year's end.

SSA's conversion from second-generation (7080) to third-generation (IBM 360/65) computers continued during 1971. All the old (7080) programs must be rewritten in the 360/65 language, COBOL. By year's end, there were only about 170 (out of about 570) programs yet to be changed.

Systems improvements were realized in several other areas as well. In the HI area, the Separate Operation for Billing, Entitlement, and Remittance System (SOBER) was implemented in January 1971, to bill and collect medical insurance premiums and maintain a history of all

premium payments and other events affecting medical insurance entitlement. Under the RSI program, as mentioned above, the direct input of post-entitlement notices by DO's was enlarged to include work notices and age-18 student conversions. BDI's case control system was modified by adding information about BL claims, making the system a reliable source of BL claims data, including the age of cases in process. The Statistical Table Assembly and Retrieval System, for identifying and retrieving data placed in archival storage by ORS, also became operational. Up to that point, ORS's use of the stored data was severely restricted by lack of a good technique for extracting statistical data from millions of accumulated pages.

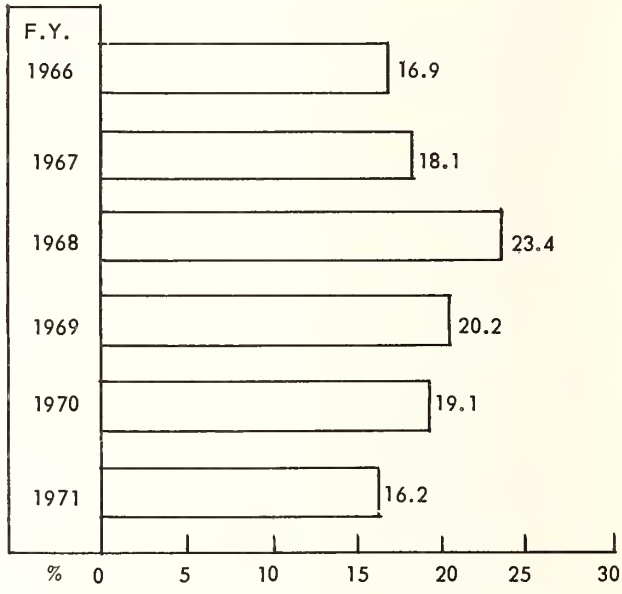
6. PERSONNEL

a. General

With an increase of 1,811 positions in SSA's staff ceiling, recruitment activities were stepped up to fill these and other vacated positions. Over 11,500 employees were hired in 1971—an increase of 34 percent over the number hired in 1970.

There was a 6 percent decrease in 1971 compared to 1970 of employees who left SSA—turnover was 9,300 in 1970, compared to 8,700 in 1971. The turnover rate for 1971 was the lowest in the last 6 years.

Separations as Percent of Staff on Duty
(As of June 30)



SSA-Wide Movement of Employees By Promotion and Lateral Transfer

	1969	1970	1971
Total SSA-wide movements	32,587	24,385	27,915
Movements among components [1]	1,133	974	1,624
From headquarters to regions	65	147	216
From regions to headquarters	275	148	345
From one region to another	177	200	249
From one headquarters component to another	616	479	814

[1] Components are headquarters bureaus and offices and the bureaus' regional staffs.

Internal movement of SSA employees by promotion and lateral transfer in 1971 increased 14.5 percent from 1970 but was 14.3 percent less than in 1969.

Despite tight staffing limitations which held down the number of employees who moved in 1970, there has been a slowly rising trend, since 1969, in the rate of employee movement among components—3.5 percent in 1969, 4 percent in 1970, and 5.8 percent in 1971. Use of common appraisal forms and expanded opportunities through employee development programs may be contributing factors.

b. Minority Employment

Three indicators of the relative positions of minorities in the SSA employment picture—the ratio of minorities to nonminorities and the percentage of people in supervisory positions and in higher grades who are minority group members —continue to reflect SSA's positive program in moving toward its goal of being a model equal opportunity employer.

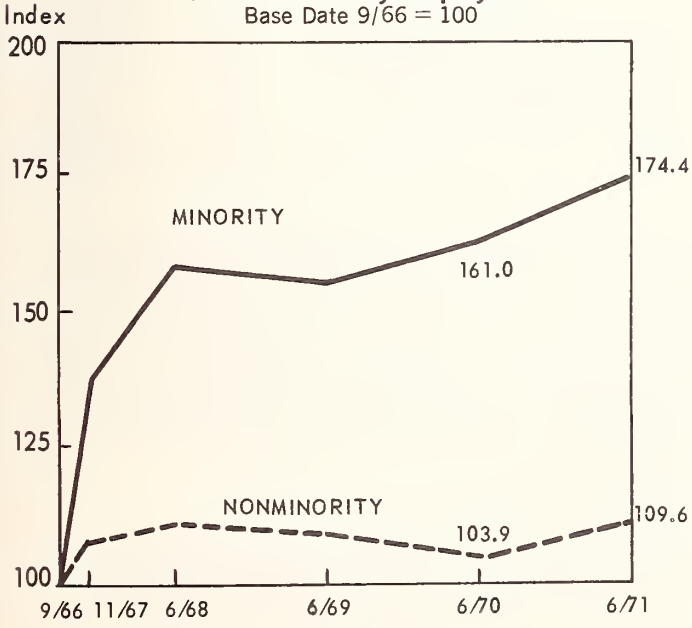
Minority group members, who constituted 20.6 percent of SSA staff in September 1966, made up 29.2 percent of SSA staff on June 30. 1971.

Although distribution of people from minority groups is not uniform within SSA's various organizations, grade levels, and types of jobs, total SSA minority employment exceeds the representation of minority groups in the national population, which is about 17 percent. SSA's efforts have increased measurably the number and percentage of minorities in technical and professional positions at the entrance and middle grade levels.

In 1971, SSA continued to place emphasis on the recruitment of Spanish-surnamed staff, particularly in areas with numbers of Spanish-speaking claimants, and on the recruitment of individuals from other minority groups. Late in 1971 SSA began to recruit people to fill 600 CR trainee positions with the goal of recruiting 300 minority individuals. The goal was exceeded by the recruitment of 336 to start work early in 1972: 146 Spanish-surnamed, 163 Negroes, and 27 Oriental and American Indians compared with goals of 125, 150, and 25, respectively.

The establishment of numeric goals (not to be confused with quotas which are not allowed under Federal policy) represented a major policy change. In Affirmative Action Plans for 1972, SSA components will be required to set numeric goals at a unit level; e.g., DO's or PC's. Emphasis will be on upward mobility at all grade levels, particularly the higher grades, in specific problem areas.

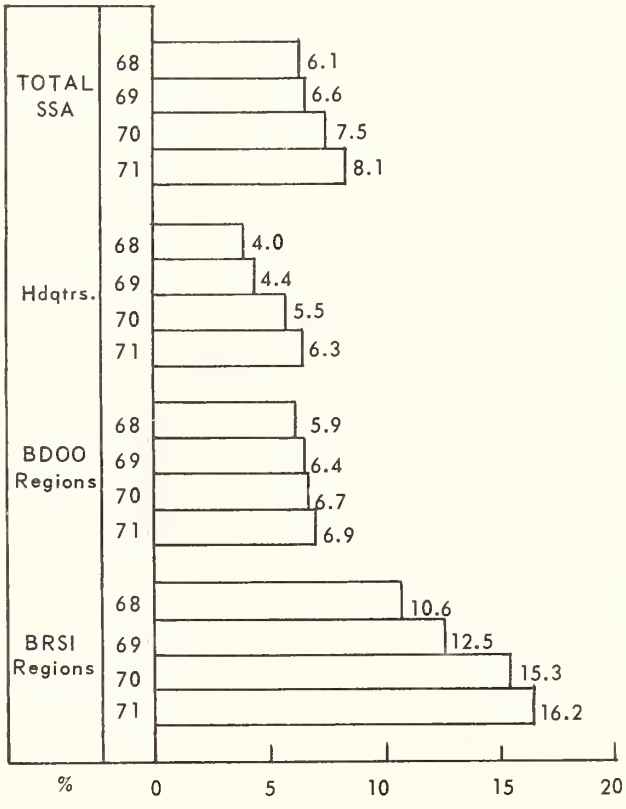
Comparison of Increased Employment of Minority and Nonminority Employees
Base Date 9/66 = 100



Percent of Minority Employees in GS-10 and Above Positions
(As of 6/30)

	1968	1969	1970	1971
Total SSA	6.7	7.2	8.2	8.8
Headquarters	7.4	7.7	8.7	9.5
All Regions	6.4	6.9	7.9	8.3

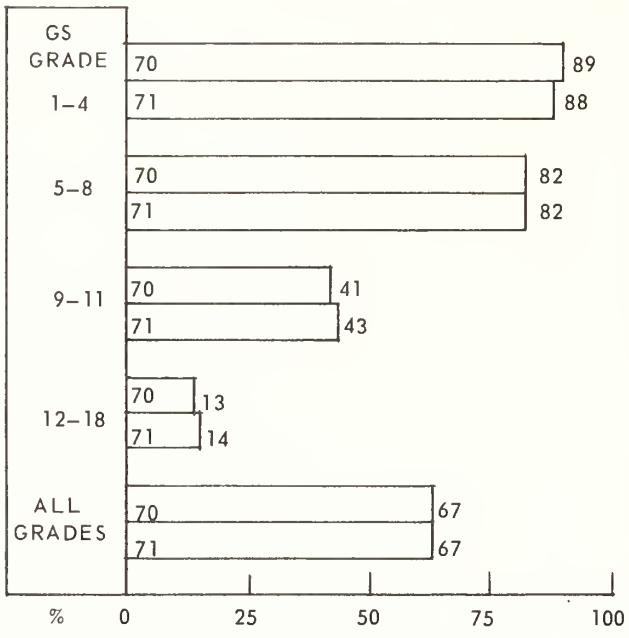
Percentage of Minority Employee Supervisors, GS-10 and Above in SSA as a Whole and in Major Organizational Segments
(As of 6/30)



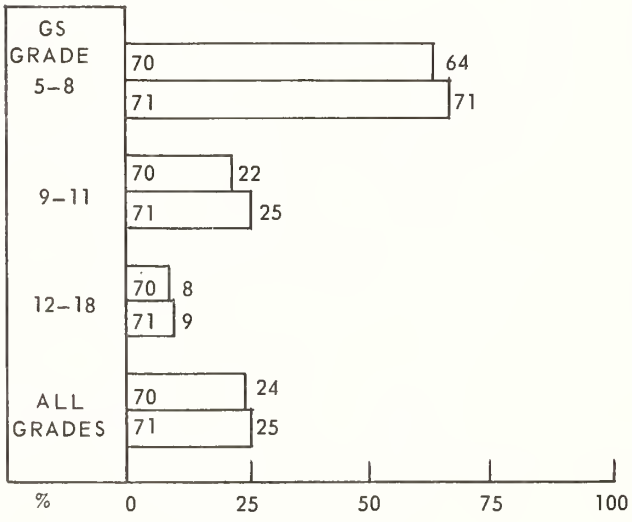
c. Women Employees

A slight increase in the proportion of women in the higher grades was achieved. The percentage of women supervisors in the GS–5–8 grade levels is approaching the percentage of the total staff they represent at those levels. Nevertheless, for supervisory jobs the overall picture shows women short of equality with males. Males, who constitute 33 percent of the SSA work force, occupy 75 percent of the supervisory positions; women, who constitute 67 percent of the work force, occupy 25 percent of the supervisory jobs.

Percentage of Women by GS Grade Groupings
(As of 6/30)



Percentage of Women as Supervisors by GS Grade Groupings [1]
(As of 6/30)



[1] There are no supervisors below GS-5.

d. Labor Relations

Employees Covered by Exclusive Recognition Agreements
(As of 6/30)

1969	33,225
1970	36,532
1971	40,184

By June 1971, about 81 percent of SSA's nonsupervisory employees were represented by unions having exclusive recognition—an increase of 10 percent from the first of the year. The trend toward centralized bargaining continued. One union obtained exclusive recognition for a unit covering all nonsupervisory employees in the BDOO Boston Region, as did another union for a unit covering the employees of 13 Chicago DO's. In addition, two multiple DO units were recognized in the New York BDOO Region. At year's end, a representation election was scheduled for a unit serving all nonsupervisory DO employees in the New York BDOO Region.

Agreements were negotiated during 1971 between BRSI headquarters and the National Council of Social Security Payment Center Locals and between the BDOO Boston Regional Office and the New England Council of AFGE locals. With those agreements and others—primarily at the DO level—completed during the year, the number of negotiated agreements throughout SSA rose to 55, an increase of 15 percent.

To meet the need of BDOO's RO and DO staffs to cope effectively with the problems brought on by the increase in union activity, a series of negotiation workshops were conducted by OA and BDOO for about 120 individual participants from over 100 DO's.

e. Equal Opportunity Activities

(1) Housing Requests

	1970	1971
Requests for Fair Housing	644	2,095
Complaints of Discrimination	17	22
Grievances with Landlords	34	111
Cases of Eviction	16	22
Total	711	2,250

A housing seminar, conducted by the SSA Housing Service, and sponsored by business, labor, Government, civic, and community organizations, was credited with giving impetus to the passage of a Maryland fair housing bill. As another result of the seminar, the first Negro was appointed to the Real Estate Commission of Maryland.

(2) Minority Business

Initial success was achieved in 1971 in making contracts with minority business establishments to handle part of SSA's business. Contracts were

entered into with minority businessmen to construct two DO's, to maintain accounts of Medicare funds in one bank, and to purchase various services and supplies. Also, Medicare carriers and intermediaries were encouraged to deposit Medicare funds in minority owned financial institutions.

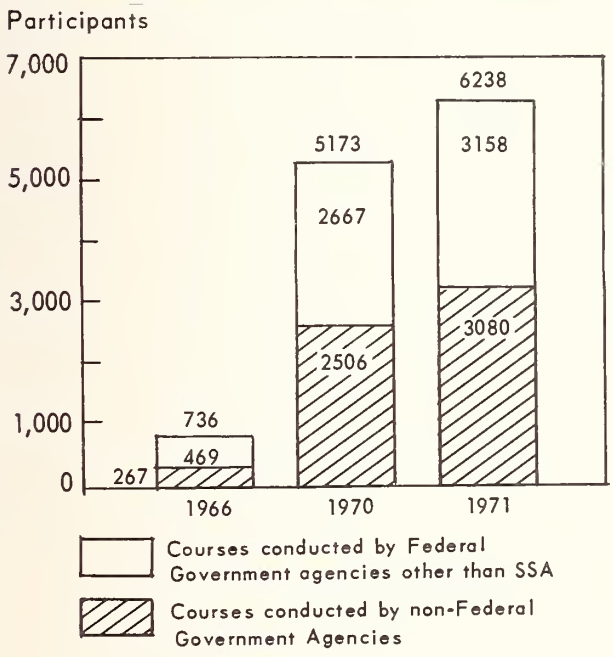
(3) Apprentice Training

Twenty-three people received apprentice training under the Printer Apprentice Training Program, a part of the Baltimore Target City Youth Program. This was the second group to receive this training. Thirty trainees had completed the course in 1970.

The Baltimore Community Action Agency presented an award to SSA for the outstanding volunteer service its employees carried out in the community.

f. Training

Use of Government Employees Training Act (GETA)



In 1971, over 6,000 employees took part in training programs conducted under the Government Employees Training Act (GETA)—a seven-fold increase since 1966. This dramatic growth was due to a gradual liberalization of the interpretation of the Act and SSA's delegation of authority to approve training under GETA to the regional commissioners and regional representatives.

Instructional courses for two of the largest groups of trainees in SSA—claims representatives (CR's) in DO's and claims authorizers (CA's) in PC's—were thoroughly studied and updated during the year. The CR course was completely restructured in time to train the large number of new CR's in the summer training classes. For the first time, a national training plan was developed for CA trainees, with a pilot test of the plan begun in the San Francisco PC in June 1971.

7. ORGANIZATIONAL CHANGES

A comprehensive reorganization of BHI occurred in 1971. The transfer of greater operating authority to Health Insurance Regional Offices (HIRO's) was a major reason for the changes. Assistant Regional Representatives, traditionally generalists with responsibility for a full range of program activities, were changed to "program officers" with responsibility for a specific area. Each HIRO will have an administrative officer and four program officers—one each for contractor operations, State operations, DO's and professional groups, and program integrity and validation activities. The New York HIRO, with the largest number of direct-dealing providers, will have an additional program officer for reimbursement. The BHI headquarters staff was also realigned along functional lines.

RETIREMENT AND SURVIVORS INSURANCE PROGRAM

RETIREMENT AND SURVIVORS INSURANCE PROGRAM

↑ Up
↓ Down

FISCAL YEAR 1971

1971 compared to 1970 unless otherwise noted

CLAIMS

Applications Filed (Thousands)

Worker	1,382	↑ 4.1%
Dependents, Survivors, and all Others	2,296	↑ 2.5%
Total	3,678	↑ 3.1%

Applications Cleared by DO and Type of PC Review

	Number (Thousands)	% of Total
Regular	2,030	55
Limited:		
SCIP Complete	911	25
LSDP Only	745	20
Total	3,686	100

End-of-Year Pendings (Thousands)

District Office	146	↓ 5.2%
Payment Center	243	↑ 37.3%
Total	389	↑ 17.5%

Processing Time (mean days, 6/71 compared to 6/70)

District Office	18	←→
Payment Center	28	↑ 1 day
Transit	2	←→
Total	48	←→

Percent Inaccuracy—Awards and Disallowances (6/71 compared to 6/70)

Material Inaccuracies:

		Absolute Change
Payment	5.8	↑ .5%
Documentation	4.3	↓ .3%
Notices	2.0	↑ .5%
Total	12.1	↑ .7%
Nonmaterial Inaccuracies	1.5	↓ .4%

BENEFICIARIES

	Workers	Dependents and Survivors	Total	% Change in Total
In Force as of 6/30/71 (Millions)	14.6	10.9	25.5	↑ 2.4%
In Current Pay as of 6/30/71 (Millions)	13.6	10.3	23.9	↑ 3.0%
Benefit Payments during 1971 (Billions)	$20.3	$10.8	$31.1	↑18.2%

POST-ENTITLEMENT

Payment and Change-of-Address Actions to Maintain Rolls (Millions) 17.8 ↓ 7.2%

Timeliness of Action

(6/71 compared to 6/70)

	% Timely	Absolute Change
Check Stop	73	↓ 3%
Check Payment	71	↑ 5%
Change-of-Address	83	↓ 2%

DO Direct Input of Notices (Thousands) 529 ↑ 43%

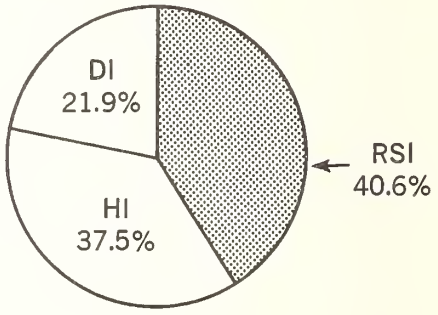
Automatic Earnings Recomputation (Thousands) 1,973.4 ↑ 1.5%

Critical Case Requests (Thousands)

DO Initiated	152.1	↑ 63.9%
PC Initiated	222.5	↑171.3%
Total	374.6	↑114.3%

ADMINISTRATIVE COSTS

Unit Cost Per Claim	$ 38.71	↑ 7.2%
Total Administrative Cost (Millions)	422.0	↑ 7.8%



B. RETIREMENT AND SURVIVORS INSURANCE PROGRAM

1. INTRODUCTION

A high point of the RSI program in 1971 was the successful conversion of benefit rates for some 25 million beneficiaries. Despite an increase of 800,000 beneficiaries between the 1970 and 1971 conversion periods, improved systems and procedures enabled the 1971 conversion to be achieved with decidedly less disruption than in 1970.

At the end of 1971, the initial claims pending in DO's were slightly lower than at the end of 1970. However, pendings for both initial claims and post-entitlement actions in the PC's increased from the levels at the end of 1970. A slight reduction occurred in the time cases remained at the PC's. Nonmaterial inaccuracies declined from 1970, but material inaccuracies increased. There was a substantial increase in the number of critical cases that were received in the DO's and PC's, and a slight increase in processing time over 1970 levels. Thus the major indices of performance were not as favorable in 1971 as in 1970.

2. WORKLOADS, PROCESSING TIME, AND ACCURACY

a. Initial Claims

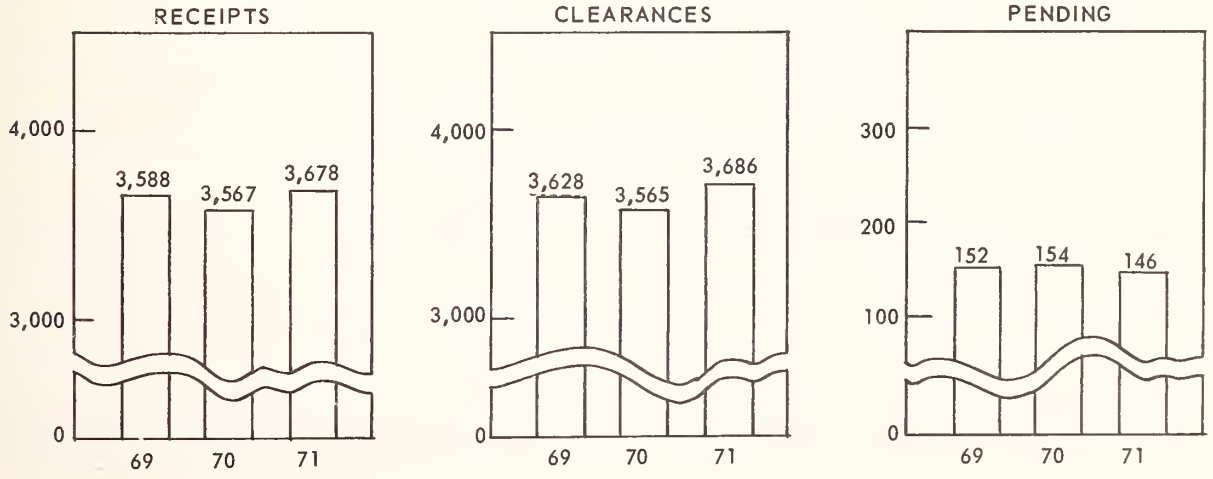
(1) Workloads

- Receipts of initial claims by DO's in 1971 exceeded 1970 receipts by approximately 111,000.
- The PC's cleared 17,000 fewer claims than in 1970, and pendings at year's end were 66,000 higher.
- In the last quarter of 1971, the monthly pending figure of 235.3 thousand was substantially higher than the yearly average of 209.6 thousand. Comparable figures for 1970 were 184.5 thousand and 175.8 thousand.

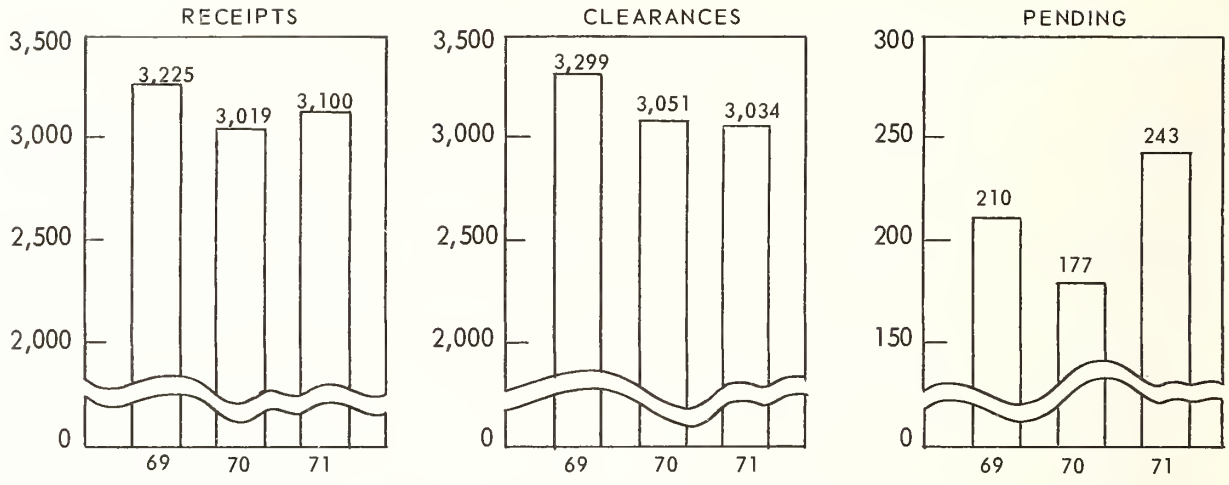
RSI Claims
(Thousands)

	DO Applications			PC Folders		
	1969	1970	1971	1969	1970	1971
Receipts	3,588	3,567	3,678	3,225	3,019	3,100
Clearances	3,628	3,565	3,686	3,299	3,051	3,034
End-of-Year Pending	152	154	146	210	177	243

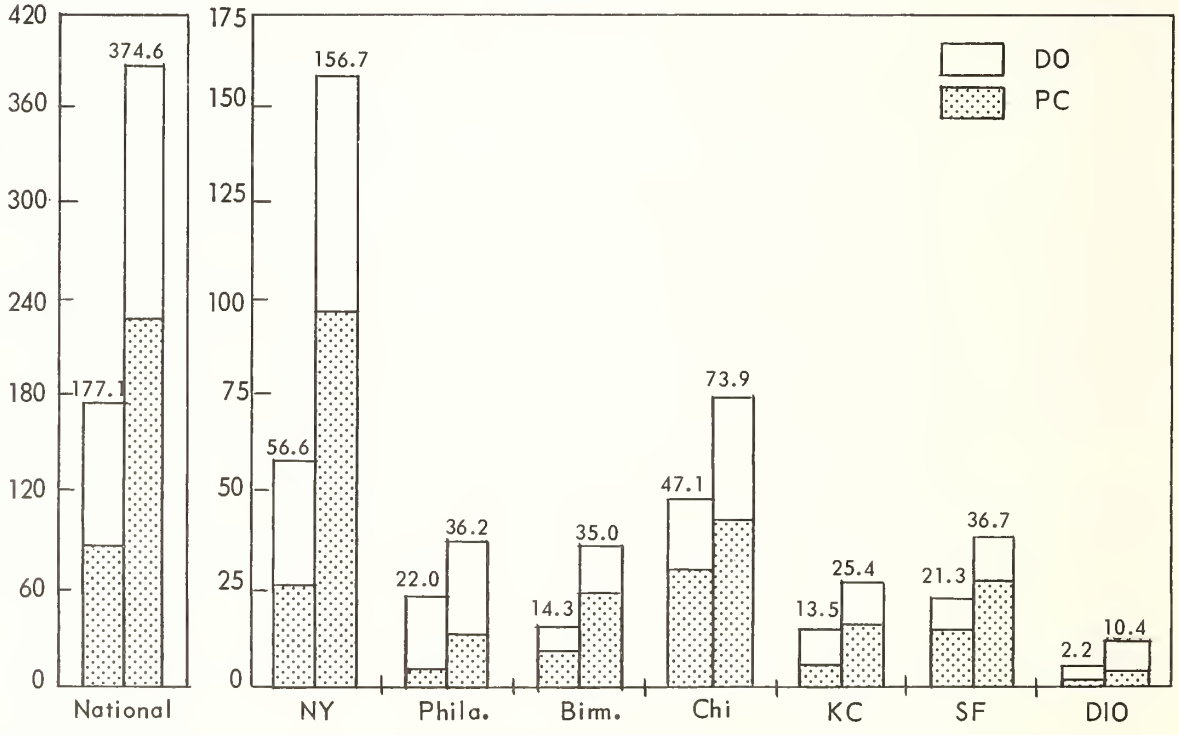
District Office RSI Claims
(Applications in Thousands)



Payment Center RSI Claims
(Folders in Thousands)



(2) CRITICAL CASE RECEIPTS [1]
(Thousands)



[1] Critical cases initiated in DO's are ordinarily generated as a result of a complaint or a request by a claimant or beneficiary. Cases initiated in PC's result from the identification by PC's of "aged" cases which are then processed on an expedited basis.

The total number of critical cases received in 1971 by DO's and PC's was more than double the number received in 1970 (a 116 percent increase). The most dramatic increases in critical case receipts in 1971 were recorded in New York (from 57 to 157 thousand) and Chicago (from 47 to 74 thousand). Nationally, however, the level of critical cases in the last quarter of the year was substantially lower than in 1970. In 1971, critical cases received in the fourth quarter were down to about 8 percent of the total for the year in both DO's and PC's, compared with about 32 percent for both last year. The efforts by

BRSI and BDOO personnel to reduce the volume of aged cases seems to have been quite successful.

(3) Processing Time

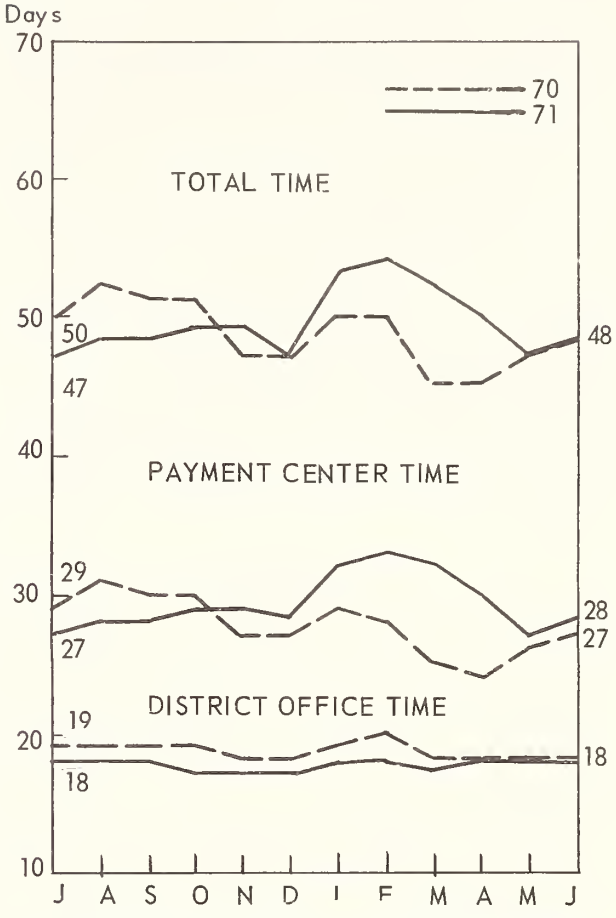
Average total processing time for initial RSI applications increased slightly in 1971, while DO processing time declined somewhat. PC time started out lower, but early in the year increased to a level above that for 1970, and for the remainder of the year continued higher than for equivalent periods in the prior year.

(4) Accuracy of RSI Awards and Disallowances

The percentage of cases with incorrect payments is a major index of the quality of the RSI program. Throughout the year, the percentage of cases free of payment errors (current and potential) fluctuated around the 95-96 percent mark. Early signs that the number of cases requiring additional documentation would decline were not borne out, and other types of deficiencies (other than payment related) remained at roughly the same level as in the previous year. Payment-related inaccuracies showed some decline during earlier months, but increased during the last quarter.

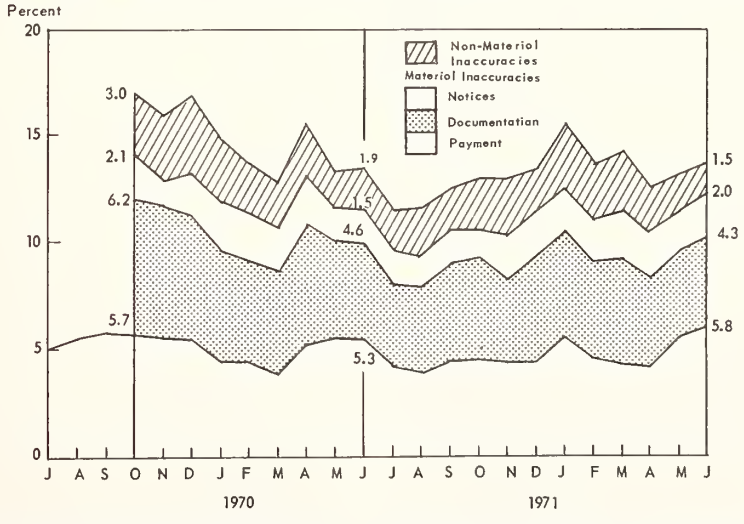
Monthly percentages of total errors (material and nonmaterial) increased from a low of 11.4 percent in July 1970 to a high of 15.4 percent in January 1971.

RSI CLAIMS PROCESSING TIME (Mean) [1]



[1] Transit time is not shown. It is the difference between the sum of the work station times and total time.

Accuracy of RSI Awards and Disallowances Types of Material and Nonmaterial Inaccuracies [1]



[1] Only payment error data can be compared over the full two years shown; for it was only in October 1969, that "Notices" and "PC over-documentation" were added as material inaccuracies and the composition of "nonmaterial inaccuracies" was changed.

(5) Cases Pending for Extended Periods of Time (Aged Cases)

The number of aged cases in process in the PC's began increasing with the 1970 benefit conversion. Although the number of cases declined from July through October 1970, by December it became clear that the situation was again deteriorating. In response, BRSI set goals for reducing the number (and percentage) of aged cases pending, e.g., a monthly reduction in the percentage of cases in process for: 30-59 days, 60-89 days, and over 89 days. Goals were not set at the same time for all PC's due to variation in local workload and staffing situations.

Each PC's progress in reducing the percentage of cases pending for various time periods is shown in the following table as of December 1970 and June 1971.

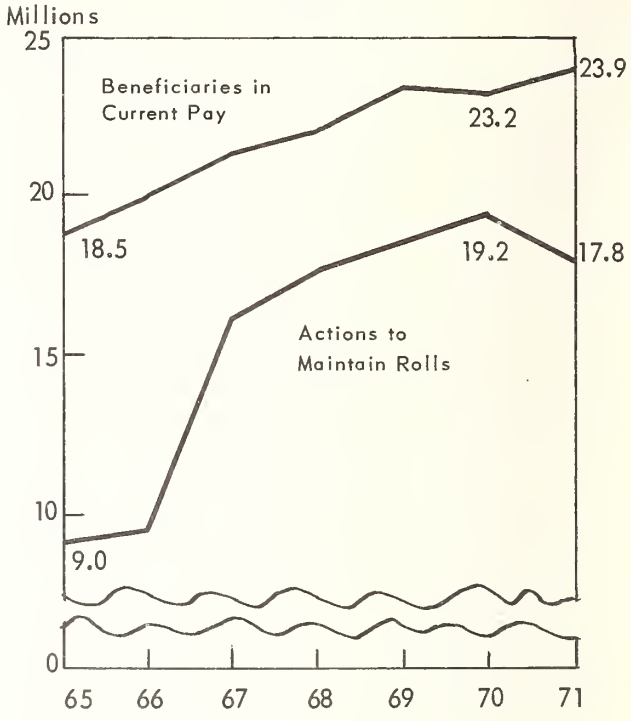
Cases Pending
(In Percentages)

Days:	1-29	30-59	60-89	Over 89	Total
New York:					
12/70	53	21	13	13	100
6/71	67.4	20.7	8.4	3.5	100
Philadelphia:					
12/70	51	22	15	12	100
6/71	55.2	24.3	11.0	9.5	100
Birmingham:					
12/70	65	20	9	6	100
6/71	67.5	23.7	5.8	3.0	100
Chicago:					
12/70	57	22	12	9	100
6/71	61.4	27.7	8.3	2.6	100
Kansas City:					
12/70	72	19	7	2	100
6/71	81.6	14.7	2.9	0.8	100
San Francisco:					
12/70	59	21	11	9	100
6/71	74.8	18.2	5.1	1.9	100

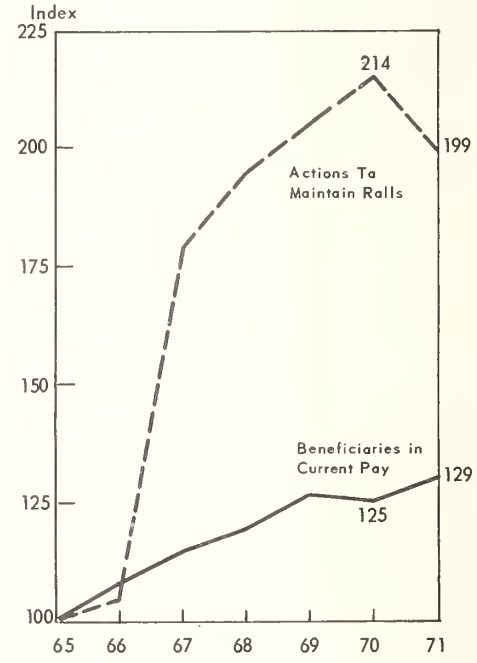
b. Post-entitlement

PE workloads during 1971 continued to increase more rapidly than either initial claims workloads or the number of beneficiaries served by the PC's. However, due to the continued increase of direct input of PE notices by DO's and PC's, the number of PE notices requiring manual action in the PC's declined substantially.

RSI Beneficiaries in Current Pay [1] and Actions Per Year to Maintain Rolls [2]
1965-1971



Index of Growth in Number of RSI Beneficiaries in Current Pay [1] and Actions to Maintain Rolls [2]
Base Year 1965 = 100



[1] As of June 30.
[2] Includes: (1) all actions affecting payment of benefits except automated benefit conversions, and (2) changes of address in automated actions where payments are not affected.

The above graphs show how much faster the number of actions to maintain the rolls have increased as compared to the number of beneficiaries in current pay from 1965 to 1970. The difference would be even sharper if all actions to maintain rolls were included, but most automated actions that do not affect payment have been excluded from the above figures. However, even with these actions excluded, actions to maintain the rolls have increased by 99 percent since 1965, whereas the number of persons on the rolls have increased by only 29 percent during the same period.

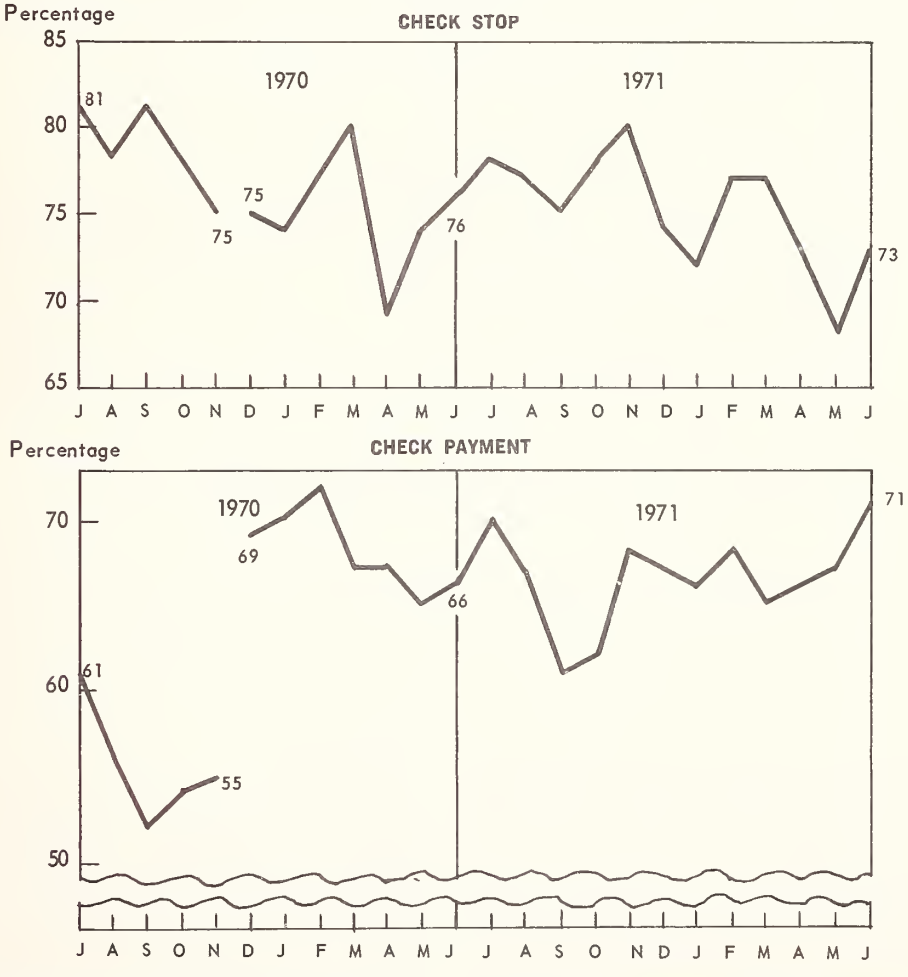
(1) Workloads

Direct input of PE notices by DO's continued to increase rapidly. At the beginning of 1970, these PE notices averaged 290,000 per month. By the end of 1971, they were averaging about 530,000 per month. As a result, the number of PE actions processed manually by the PC's declined about 6 percent.

PE Notices Processed Manually In the PC's

	RSI Regular Work	RSI Cyclical Work	Total
1971	6,450,000	3,312,200	9,762,200
1970	6,843,100	3,496,700	10,339,800

(2) Timeliness

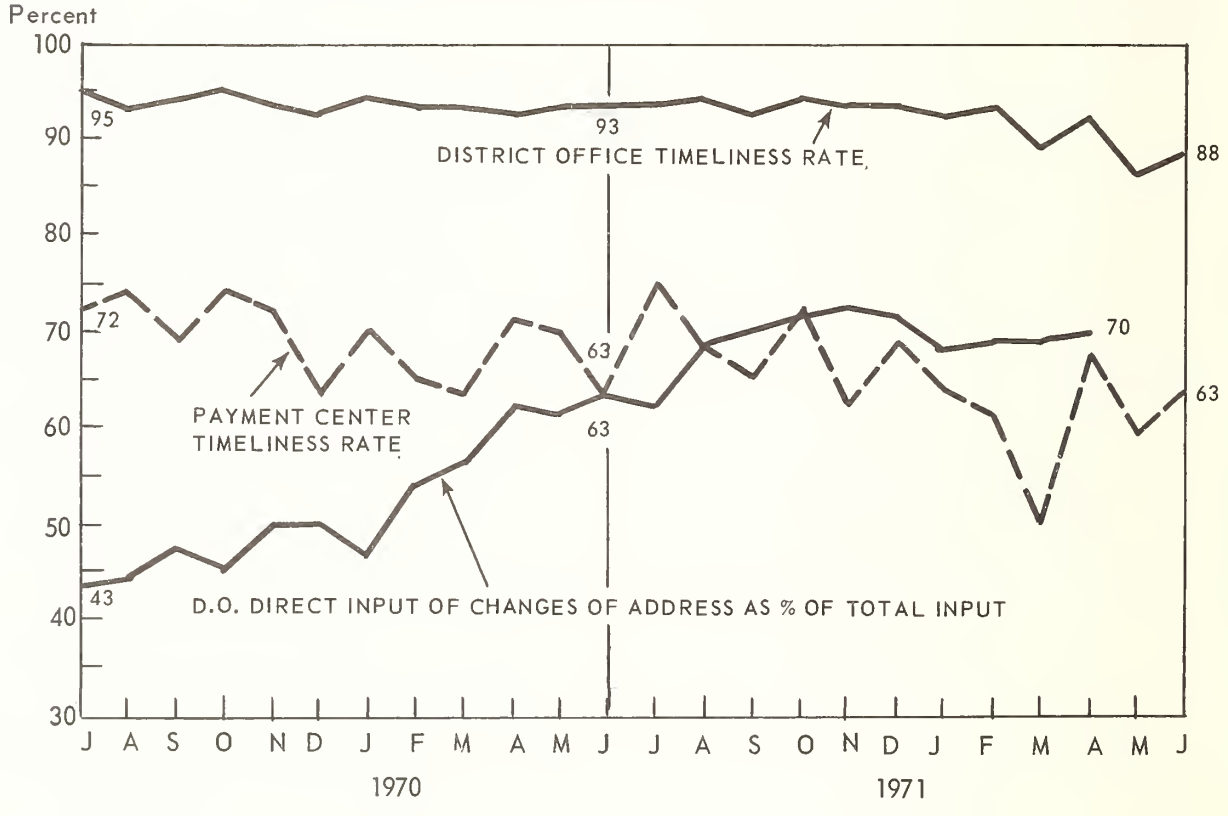


[1] Data for timeliness of the check stop and check payment actions for the periods prior to 12/69 are not comparable with those beginning 12/69. Beginning in 12/69, the composition of check stop and check payment actions included in the sample and the definition of "timeliness" were changed. Timeliness—percentage of beneficiary notices processed in time to pay, stop, or redirect the first check which could be affected by the notice.

It is not possible to make comparisons of timeliness of check stop and check payment actions for all of 1970 and 1971 because of a change made in the composition of the sample in December 1969 (see footnote to chart above). For periods that are comparable (December-June of both years), the percent of timely check stop and check payment actions declined slightly in 1971. For check stop, the decline was from 75.0 percent in 1970 to 73.7 percent in 1971; and for check payment, the decline was from 68.0 percent in 1970 to 67.1 percent in 1971.

The timeliness of change-of-address actions increased slightly, from 83.2 percent in 1970 to 85.1 percent in 1971. PC performance showed a slight decline; DO performance a slight improvement. The volume of actions processed by DO's continued to rise throughout the year, but at a slower rate than for previous years. This may indicate that the potential for change-of-address notices by DO's has just about been realized.

Beneficiary Changes of Address—Timeliness Rate and Volume of DO Direct Input as Percent of Total

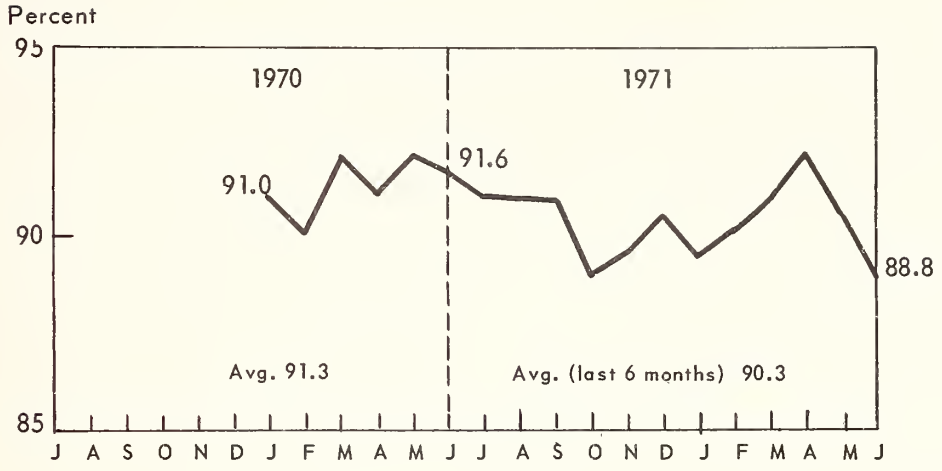


Beginning with 1968, DO's acquired the capability of introducing change-of-address notices from beneficiaries directly to the MBR for automatic processing instead of through the PC's. In the initial phase, DO's handled 22 percent of the total change-of-address load, and this rose to 70 percent by April 1971. Despite this increased DO load (about 250,000 per month), the timeliness rate (notice processed early enough to get next check to new address on regular due date) has remained at or about the 90 percent level.

(3) PE Actions

Data on accuracy of PE actions first became available in November 1969. For the last 6 months of 1970, PE actions free of payment-related deficiencies averaged 91.3 percent. For the same period in 1971, PE actions free of payment-related deficiencies declined to an average of 90.3 percent.

RSI Post-Adjudicative Actions
Percent Free of Payment-Related Deficiencies



DISABILITY INSURANCE PROGRAM

DISABILITY INSURANCE PROGRAM

↑ Up
↓ Down

FISCAL YEAR 1971

1971 compared to 1970 unless otherwise noted

CLAIMS

Applications Filed (Thousands)

Worker	925	↑ 19%
Dependents	459	↑ 23%
Total	1,384	↑ 20%

Allowances

Initial	No. (Thousands)		% of Determinations	
Claims	347.4	↓ 1.0%	40.7	↓ 9.4%
Recon. Requests	44.2	↑24.0%	37.8	↑16.3%
Hearing Requests	16.1	↑18.4%	42.9	↑ 6.7%
Total	407.7	↑ 2.0%		

End-of-Year Pendings (worker only, in thousands)

District Office	68.0	↓ 12%
State Agency	87.8	↑ 57%
BDI	30.3	↑ 15%
Total	186.1	↑ 17%

Processing Time—Initial Awards

(mean days—6/71 compared to 6/70)

District Office	39	↑ 2 days
State Agency	34	↑ 11 days
BDI	30	↑ 7 days
Transit	5	←→
Total	108	↑ 20 days

APPELLATE PROCESS

Workload

No. of Cases (Thousands)		% of Total Claims Workload	Absolute Change
164.1	↑ 8.7%	16.1	↓ .7%

Court Affirmation Rate (%)		Absolute Change
During 1971	80	↑ 4%
Cumulative All Years	71	↑ 2%

BENEFICIARIES (Millions)

	Workers	Dependents	Total	% Change in Total
In Force as of 6/30/71	1.57	1.27	2.84	↑ 10.5%
In Current Pay as of 6/30/71	1.56	1.23	2.79	↑ 4.7%
Benefit Payments during 1971	$2,716	$665	$3,381	↑ 21.7%

POST-ENTITLEMENT

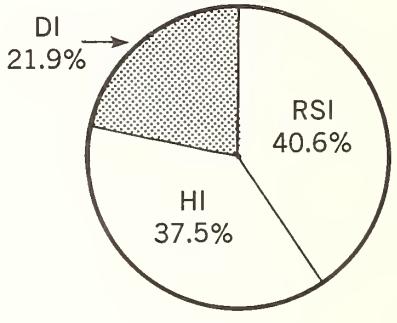
Payment and Change-of-Address Actions to Maintain Rolls (Millions) 2.9 ←→

ADMINISTRATIVE COSTS

Unit Costs Per Claim

SSA plus State Agency	$136.71	↑ 5.8%
State Agency	58.82	↑ 9.5%

Total Administrative Cost (Millions) $228.2 ↑22.0%



C. Disability Insurance Program

1. INTRODUCTION

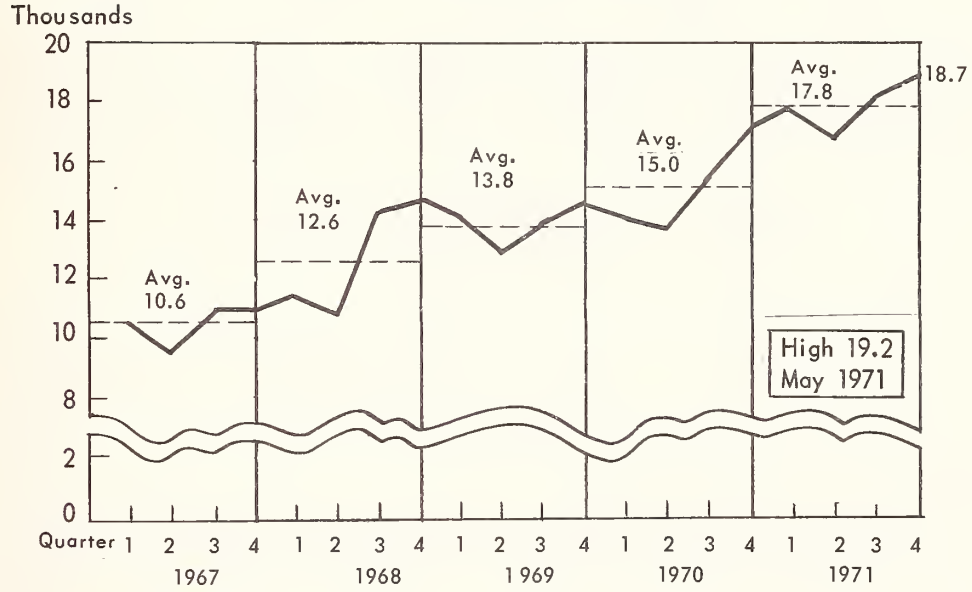
During 1971, the continued heavy influx of black lung (BL) claims taxed resources, and resulted in a large increase in pendings in SA's and BDI by the end of the year—despite large increases in the number of regular disability applications that were processed. Processing time at all work stations increased, although the increase for DO's was very slight.

2. WORKLOADS AND PROCESSING TIME

Disabled Worker Claims only—Excludes BL Claims
(Thousands)

	DO (Applications)			SA (Determinations)			BDI (Determinations)		
	1969	1970	1971	1969	1970	1971	1969	1970	1971
Receipts	714.8	778.8	925.2	542.4	575.8	728.8	675.9	698.3	857.1
Clearances	721.8	766.4	935.1	550.9	555.2	696.1	680.3	685.0	853.7
End-of-Year Pendings	64.9	77.2	68.0	35.3	55.9	87.8	13.5	26.9	30.3

DIB Applications Received in DO
(Weekly Average Per Quarter)



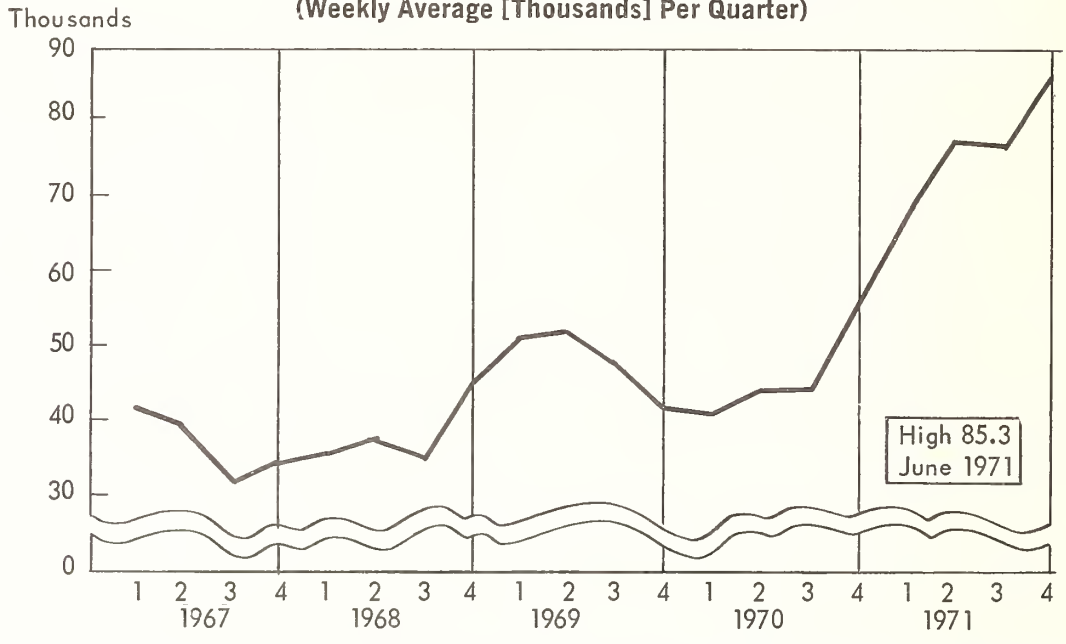
	1967	1968	1969	1970	1971
1st Q	10.5	11.4	14.1	13.9	17.8
2nd Q	9.7	10.7	12.7	13.7	16.7
3rd Q	11.0	14.1	13.9	15.3	18.0
4th Q	11.0	14.4	14.3	17.0	18.7

The number of regular (non-BL) DIB claims received by DO's for 1971 increased 19 percent over 1970, compared to an increase of 9 percent in both 1970 and 1969.

The high volume of regular disability applications, as well as the large number of BL applications taken during the year, resulted in larger

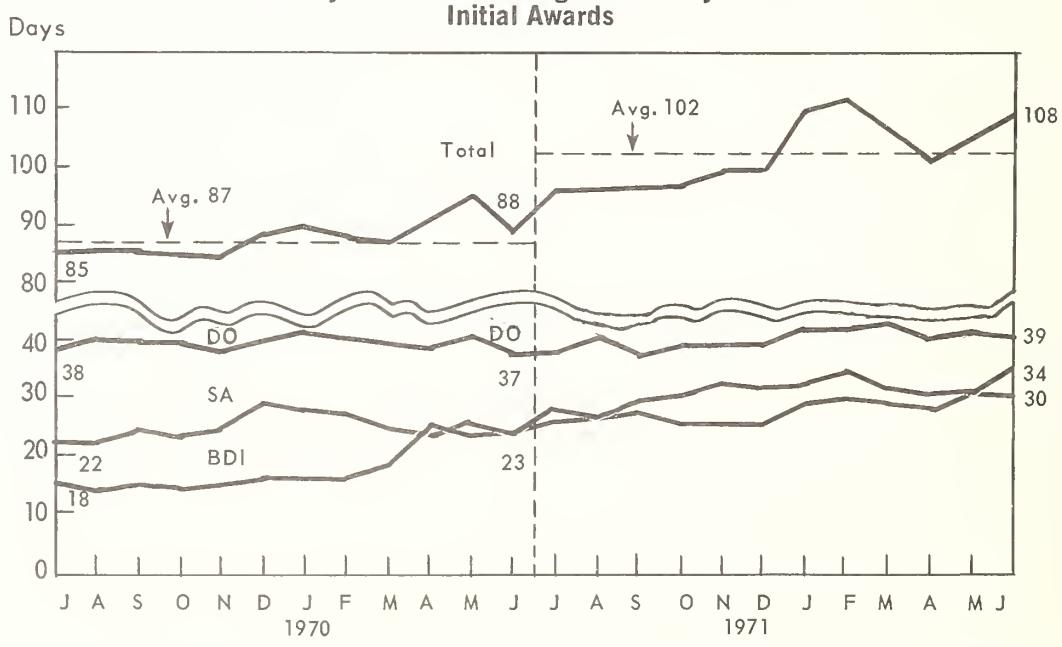
pending workloads at all work stations except the DO's. In fact, claims pending in State agencies nearly doubled from the third quarter of 1970 to the last quarter of 1971. During the year, regular DIB applications averaged 17,800 per week, with the weekly average for the last quarter climbing to 18,700.

Disabled Worker Claims Pending in State Agencies
(Weekly Average [Thousands] Per Quarter)



	1967	1968	1969	1970	1971
1st Q	41.4	35.0	50.2	40.3	68.1
2nd Q	39.6	37.0	51.0	43.3	76.8
3rd Q	31.3	34.0	46.9	43.3	76.2
4th Q	33.4	44.5	41.3	53.4	85.3

Disability Claims Processing Time in Days (Mean) [1]
Initial Awards



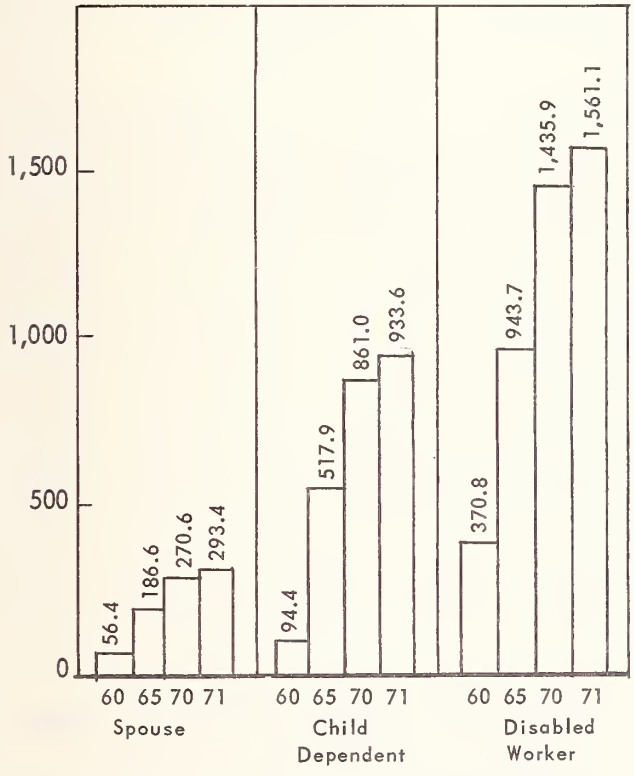
[1] Not shown is transit time, which is the difference between the sum of station times and total time.

DIB processing time increased at all work stations; the increases for SA and BDI were quite substantial because of backlogs of pending cases at these work stations.

Beneficiaries And Benefit Amounts

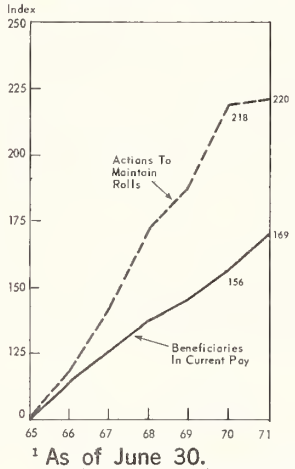
Type of Benefit	End of 1960		End of 1970		End of 1971	
	No. of Beneficiaries in Current Pay	Avg. Monthly Benefit Amount	No. of Beneficiaries In Current Pay	Avg. Monthly Benefit Amount	No. of Beneficiaries In Current Pay	Avg. Monthly Benefit Amount
Spouse	56,400	$35.92	270,600	$ 43.27	293,400	46.10
Child Depend.	94,400	30.98	861,000	39.44	933,600	41.84
Disabled Worker	370,800	89.33	1,435,900	130.53	1,561,100	145.32
Total	521,600	XXXXX	2,567,500	XXXXX	3,788,300	XXXXXX

Number of Beneficiaries
(Thousands)



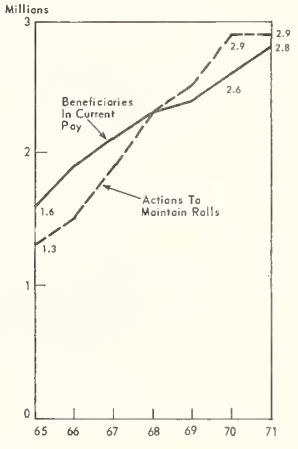
Index of Growth in Number of DI Beneficiaries in Current Pay [1] and Actions Per Year to Maintain Rolls [2]

Base Year 1965 = 100



DI Beneficiaries in Current Pay [1] and Actions Per Year to Maintain Rolls [2]

1965-1971



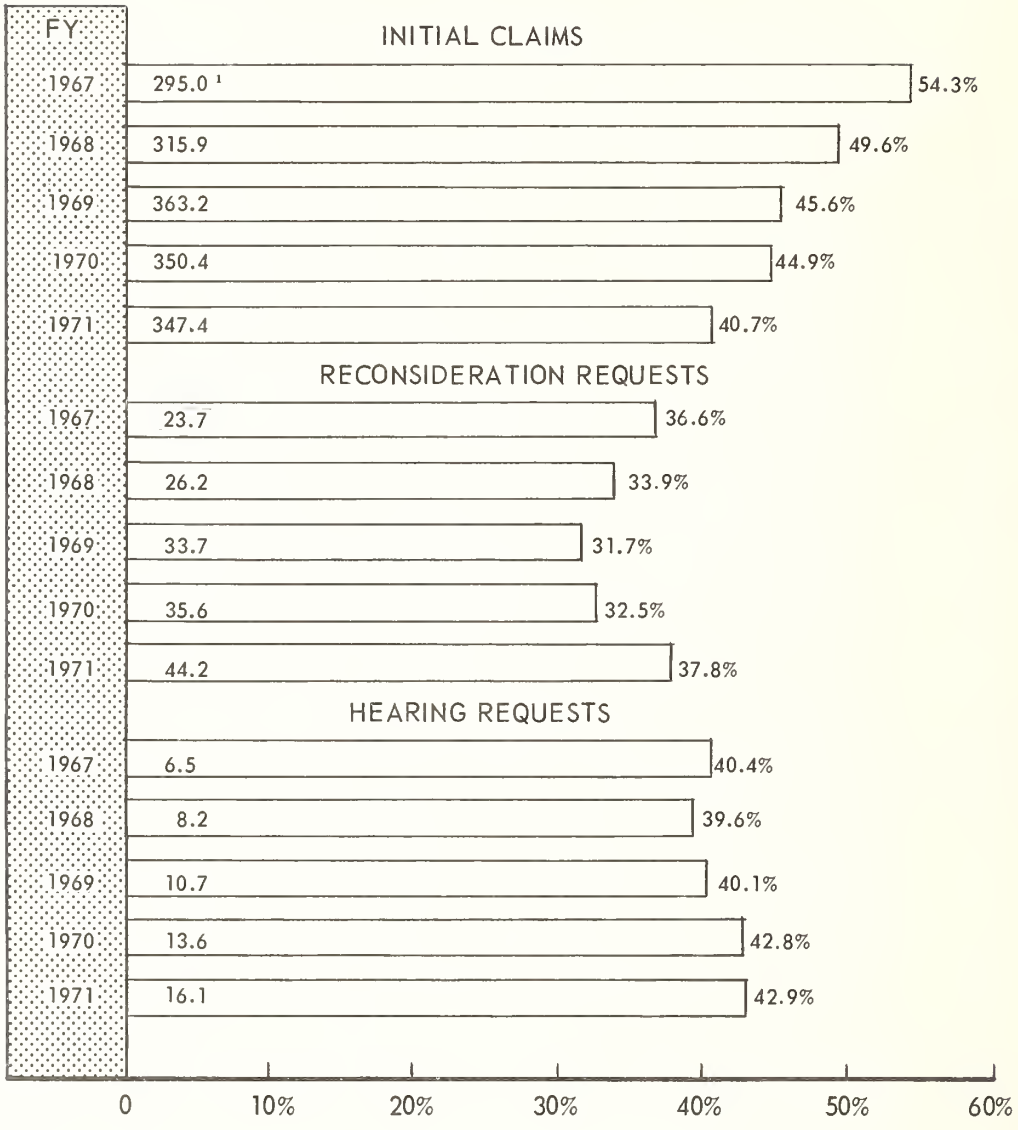
[1] As of June 30.

[2] Includes: (1) all actions affecting payment of benefits except automated benefit conversions, and (2) changes of address in automated actions where payments are not affected.

Since 1960, the number of DI beneficiaries in current pay status has increased by 430 percent and benefit amounts for spouses and children have increased 28 and 35 percent, respectively, but the increase was over 60 percent for workers. The difference is a result of the family maximum, which causes a reduction in auxiliary but not in worker benefits to keep the total family benefits within the maximum allowed.

The above tables show how rapidly actions to maintain the rolls are increasing compared to the numbers of beneficiaries in current pay. The difference would be even sharper if all actions to maintain rolls were included, but automated actions that did not affect payment are excluded from the above figures. However, even allowing for these exclusions, actions to maintain the rolls have increased by 120 percent since 1965, while the number of persons on the rolls has increased by 69 percent.

Disability Determinations—Allowance Rate
(Favorable determinations by number and as a percentage of all categories of determinations)



[1] The numbers within the bars represent the actual number of favorable determinations, in thousands.

Disability denials have grown at a faster rate than awards for workers, widows, and children as well. Several factors have contributed to this trend. Probably the most important have been: (1) the encouragement of applications from persons who inquire about benefits, even when eligibility may be in doubt; and (2) an increasingly restrictive labor market in which workers who are slightly impaired lose their jobs.

3. DISABILITY APPELLATE WORKLOADS

a. Appellate Experience

During 1971, a small percentage of denied claimants requested reconsideration (37.5 percent of State jurisdiction denials compared with 40 percent in 1970), but of those who did, a larger percentage had their claims approved after reconsideration. Most requests for reconsideration were filed by people whose claims had been denied for

medical rather than technical reasons (e.g., lack of insured status).

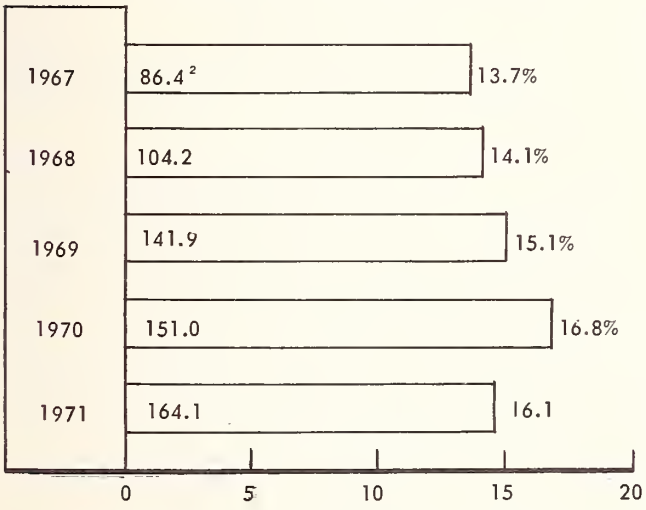
Percentage Distribution of all DIB Allowances by Level of Consideration at Which Allowed, By Half Year
1970 and 1971

1970	Initial Allowances	Reconsideration Reversals	Hearings Examiner and Appeals Council Reversals
1st half	87.2	8.9	3.9
2d half	87.0	9.0	4.0
1971			
1st half	86.9	9.3	3.9 [1]
2d half	85.3	10.5	4.2

[1] Not additive due to rounding.

b. Workloads

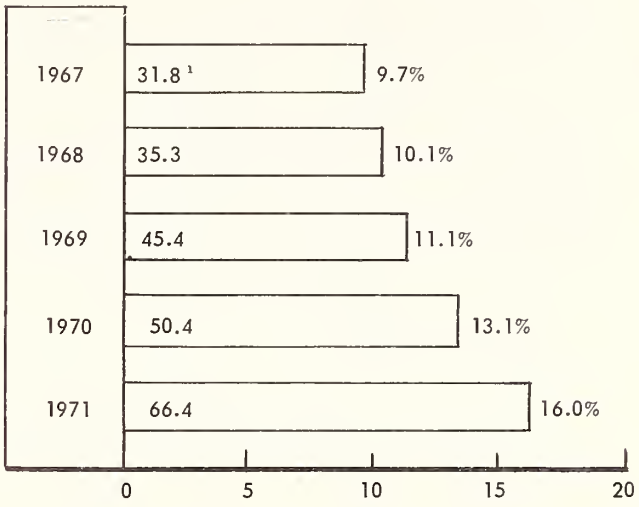
Appellate Process Workloads by Number and as a Percentage of Total Claims Workloads [1]



[1] The appellate process workload refers to the cumulative number of cases handled at each appellate level. Thus, a single case going through reconsideration, hearing, appeal, and the court would be counted as a total of 4 case actions.
[2] Figures within the bars represent the actual number of appellate cases, in thousands.

For the fifth consecutive year, the total number of cases entering the appellate process increased, though the percentage of cases actually declined from the 1970 level.

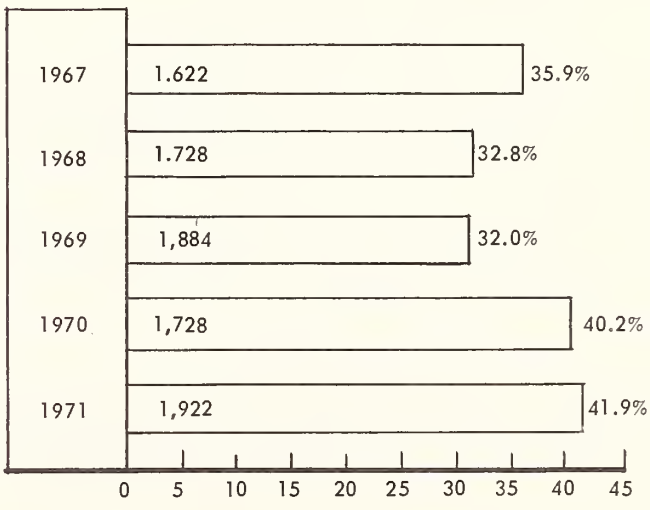
Disability Appellate Allowances by Number and as a Percentage of Total Disability Allowances



[1] Figures within the bars represent the actual numbers, in thousands, of disallowances that became allowances during the appellate process.

Allowances by the disability appellate process have increased over the past 5 years, both in absolute numbers and as a perecntage of all disability allowances. This trend is expected to continue during 1972.

Man-years Expended on Disability Appellate Workloads by Number and as a Percentage of Total Disability Man-years



Although the appellate workload constituted only 16.1 percent of the total disability workload in 1971, it required 41.9 percent of the man-years devoted to processing the total disability claims workload.

4. BENEFIT INCREASE

a. 1971 Conversion of Benefits

Nearly 96 percent of the 1.6 million DI accounts were automatically processed to carry out the 10 percent benefit increase authorized in 1971. As a result of this conversion, monthly DI benefit payments increased more than $16 million.

b. Automatic Earnings Recomputation Operation (AERO)

The AERO "69" project involved the automatic recomputation of benefits in over 134,000 DI cases, to include earnings by the disabled wage earner in 1968 and 1969. (Ordinarily, these earnings occurred before the worker became disabled.) Less than 21,000—about 16 percent—of these cases had been recomputed in 1970. The remaining 113,000 had to be manually processed because the size of the disabled workers' families exceeded the capacity of the computer program. (The program is being revised to permit a larger proportion of DI cases to be completed automatically in later AERO projects.) Action on all but about 47,000 of these cases had been completed by the end of 1971. Of the benefit increases, nearly 18 percent were for more than $5 a month.

5. DISABILITY LITIGATION

a. District Court Affirmation Rates

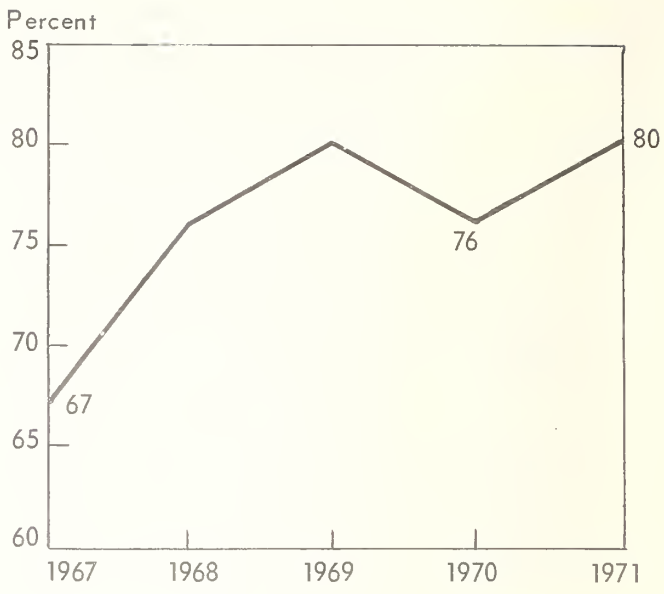
During 1971, the court affirmed 80 percent of the Administration's decisions. This high was primarily a result of the courts' acceptance of the 1967 amendment clarifying the definition of disability.

The cumulative affirmation rate since the start of the disability program is now 71 percent, up from 69 percent last year.

b. Richardson vs. Perales

1971 marked the first time a social security case was heard by the United States Supreme Court. In a six-to-three vote, the court held that a written report of a consultative physician, albeit hearsay in character, can constitute substantial evidence to support a decision adverse to an applicant for disability benefits. This landmark decision supports the adequacy and fairness of present SSA hearing procedures.

Affirmation Rate



c. A Second Challenge to Procedural Due Process in SSA

The Department of Justice, in the **Wright** case, authorized another appeal to the Supreme Court to clarify the issue of whether SSA may suspend payment of disability benefits without holding prior proceedings in which the beneficiary has an opportunity to defend his right to continuing payments. A district court had held that suspending disability payments without prior proceedings was constitutionally deficient in that it did not provide due process. Other courts have taken the opposite position. Should the **Wright** ruling be upheld, SSA would be required to provide a more elaborate and costly suspension and termination process and, at the same time, would lose some capacity for preventing overpayments to beneficiaries no longer entitled to benefits.

6. VOCATIONAL REHABILITATION (VR)

In 1971, nearly $25 million from the DI trust fund—15 percent more than in 1970—was spent

for rehabilitation services provided to DI beneficiaries. The trust fund now pays for more than 50 percent of the VR services provided to DI beneficiaries. These monies are provided under the 1965 amendments, which authorized the transfer from the DI trust fund of up to 1 percent of the total disability benefits in the preceding year to State VR agencies to provide rehabilitation services for disabled SSA beneficiaries.

The Rehabilitation Services Administration reported over 17,000 DI beneficiaries were rehabilitated in 1970—12 percent more than 1969—and 9,000 of them received services paid for from the trust fund. At the beginning of 1971, there were over 37,000 DI beneficiaries on the State rehabilitation caseloads, nearly 21,000 of whom were receiving services financed by DI trust fund monies. By March of 1971, the number of DI beneficiaries in the active State rehabilitation programs had grown to slightly over 42,000, with nearly 24,000 being financed by the trust fund.

Since the inception of the VR referral program, over 7,100 persons had their DI benefits terminated after undergoing vocational rehabilitation. During the same period, less than 7 percent (under 500) of the terminated beneficiaries returned to the DI benefit rolls.

HEALTH INSURANCE PROGRAM

HEALTH INSURANCE PROGRAM

↑ Up
↓ Down

FISCAL YEAR 1971

1971 compared to 1970 unless otherwise noted

CLAIMS

Receipts (Millions)

Part A	17.9	↑ 4.1%
Part B	49.1	↑ 12.1%
Total	67.0	↑ 9.8%

End-of-Year Pendings (Millions)

Part A	.5	↑ 1.2%
Part B	2.3	↓ 4.5%

Processing Time (Mean Days)

	Monthly Average	
Part A (SSA plus contractors)	113.4	↑ 4.5 days
Part B (SSA plus contractors)	63.3	↑ 1.2 days

BENEFICIARIES COVERED

as of January 1 (Millions)

	1970	1971
Part A	20.2	20.6
Part B	19.3	19.7

PAYMENTS during 1971

(Millions)

Part A	$5,443	↑ 13.3%
Part B	$2,035	↑ 2.8%

PROVIDERS OF SERVICES

—End of Year

Part A

Hospitals	6,745
Extended Care Facilities	4,287
Home Health Agencies	2,284
Total	13,316

Part B

Physicians	200,000
Laboratories	2,751

PRIVATE CONTRACTORS

—End of Year

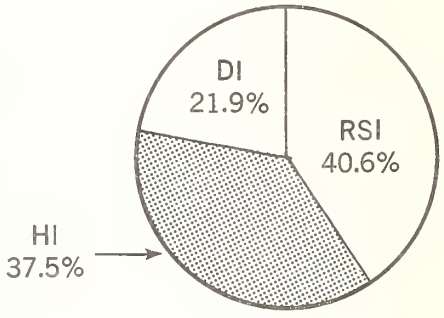
Part A Intermediaries	Blue Cross	74
	Other Insurance Companies	9
	Subtotal	83
Part B Carriers	Blue Shield	32
	Other Insurance Companies	15
	Subtotal	47
	Total	130

STATE AGENCIES 53

ADMINISTRATIVE COSTS

Unit Costs Per Claim

Part A		
SSA Plus Intermediary	$5.29	↑ 7.3%
Intermediary Only	4.59	↑14.5%
Part B		
SSA Plus Carrier	3.62	⟷
Carrier Only	3.31	↑ 6.4%
Total Administrative Costs (Millions)	$390.7	↑12.9%



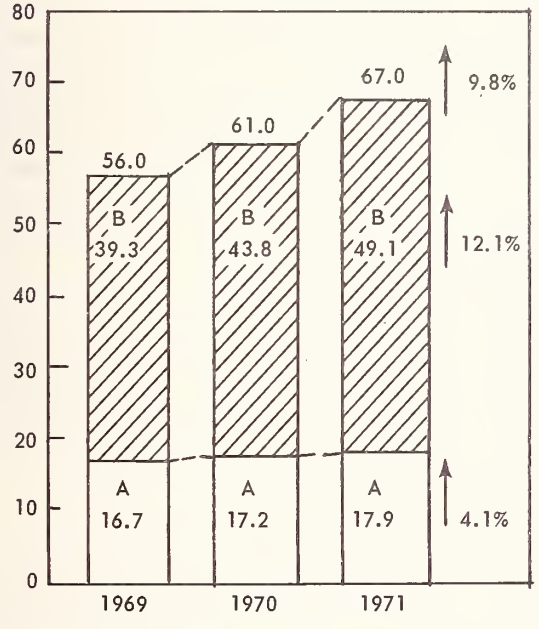
D. HEALTH INSURANCE PROGRAM

1. INTRODUCTION

In 1971, Medicare operations were improved and the impact of rising health care costs on the program and its beneficiaries was lessened by substantially strengthening intermediary and carrier operations; by developing a Part A Model Claims Processing System as a counterpart to the one for Part B claims; and by intensifying fraud and abuse investigation. Overall, the number of Part A bills and Part B claims filed rose 9.8 percent in 1971, with Part B claims increasing the most. However, Part B claims pending at the end of the year were down, while Part A pendings rose slightly.

2. WORKLOADS AND PROCESSING TIME

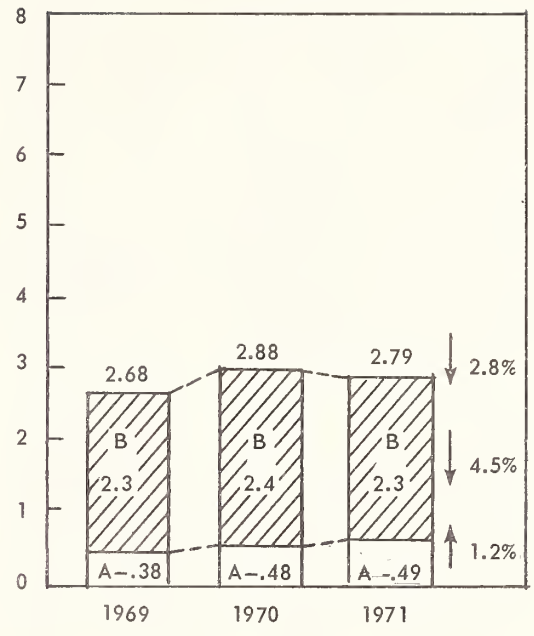
Receipts
(Millions)
(Part A—Bills; Part B—Claims)



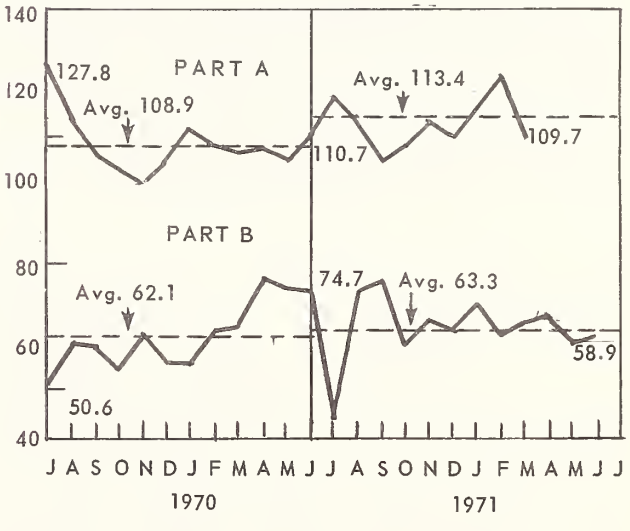
Receipts continued to rise as they have since Medicare's inception. Pendings appear to have stabilized, with end-of-year pendings for all of Part A and B slightly below those of the prior year.

The most significant workload changes occurred in Part B, where receipts *increased* by 12.1 percent, and pendings *decreased* by 4.5 percent.

End-of-Year Pendings
(Millions)



Processing Time (Mean Days)
SSA plus Contractors



Mean processing time for Part A bills, covering both SSA and contractor handling, fluctuated between 110 and 125 days, with no definite trend during 1971. Processing time for Part B was gradually reduced, despite a substantial increase in receipts.

Health Insurance Bills Processed by BDP
(Millions)

Fiscal Year	Total Items	Magnetic Tape	Manually Punched	% Magnetic Tape
1970	15.7	3.9	11.8	25
1971	16.4	6.6	9.8	40

Magnetic tape reporting of health insurance bills increased markedly this year. Slightly more than 40 percent of the bills processed by BDP were received on magnetic tape, compared to only 25 percent for 1970.

Part A

Qtr	Contractor Processing Time (Days)		% Bills Pending Over 30 Days	
	1970	1971	1970	1971
1	17.7	13.0	14.3	16.6
2	16.9	11.9	15.1	14.6
3	15.5	12.0	16.0	15.1
4	12.8	NA	16.1	14.6
FY Avg.	15.7	NA	15.4	15.2

Mean processing time for Part A intermediaries during 1971 improved only slightly from the last quarter of 1970. The difference in processing time during the first three quarters of 1970 and the subsequent quarters is attributable to a change in the definition of processing time.

Part B

Qtr.	Contractor Processing Time (Days)		% Claims Pending Over 30 Days		Accounting Errors [1] Per 1,000 Records Processed	
	1970	1971	1970	1971	1970	1971
1	26.5	24.1	22.6	28.7	11	4
2	21.6	22.5	18.0	25.5	12	3
3	26.4	25.6	23.4	27.2	10	4
4	25.8	27.1	26.7	23.5	7	4
FY Avg.	24.9	24.9	22.7	26.2	10	4

[1] Errors affecting eligibility or payment information.

Overall processing time for Part B carriers remained unchanged. However, the percentage of aged cases was higher than in 1970, partially because of increased receipts and emphasis by carriers on quality claims review. Accounting errors per 1,000 records processed were at new low levels, averaging 4 per 1,000 on a national basis.

3. SYSTEMS

a. Part A Model System

BHI is monitoring and guiding the development of two model systems for processing Part A claims —one by the Blue Cross Association for use by its member plans, and the other by Aetna Life Insurance Society of America for use by commercial intermediaries.

Although both systems automate the entire claims process and perform essentially the same functions, they are designed to accommodate different requirements of potential users. The Blue Cross system consists of a number of programs that can be used by member plans with small-scale computer equipment. Plans with larger-scale equipment can also utilize the system in a multi-processing environment. Since most commercial users have large-scale computer equipment, the Aetna system consists mostly of large integrated programs, that can be operated either at the user's location or at regional locations using central processing concepts. By using the model systems, Part A intermediaries save the cost of maintaining and controlling separate, duplicate systems.

The Blue Cross system was in use in three plan locations, with 15 additional plans scheduled to be added in 1972. The Aetna system was scheduled for completion by the end of January 1972, and should start at three Aetna locations and three Travelers locations by July 1972.

b. Part B Model System

During 1971, five additional carrier locations began using the Part B Model System, bringing the total number of users to 12. The system is scheduled to be installed at eight other carrier locations during 1972.

The Part B system increases uniformity and efficiency in the more difficult administrative areas: claims control, reasonable charge determinations, duplicate billing detection, and utilization controls. It also facilitates auditing and eliminates costly duplication of systems development by individual carriers.

c. Use of Optical Character Recognition Equipment (OCR) to Reduce Contractor Costs

BHI, together with Blue Cross Association and New York Blue Cross, developed a system for processing outpatient hospital claims using OCR equipment. This equipment "reads" data typed on a special typewriter and transfers it directly to magnetic tape without any keying of data by the contractor. The procedure should result in an estimated savings of $5,000 a month at New York Blue Cross in the coming year. BHI plans to extend this procedure to other intermediaries and to develop applications for other carriers and intermediaries in 1972.

d. Microfilm Beneficiary Listing Furnished Contractors

Contractors frequently receive claims in which the beneficiary's name, health insurance claim number, or address is missing or incorrect. This results in processing delays, since either the claimant or a social security office must be contacted to obtain the correct information. To eliminate these delays, BHI staff, in cooperation with BDP, provided alphabetic microfilm listings containing all the essential beneficiary information to selected carriers and intermediaries.

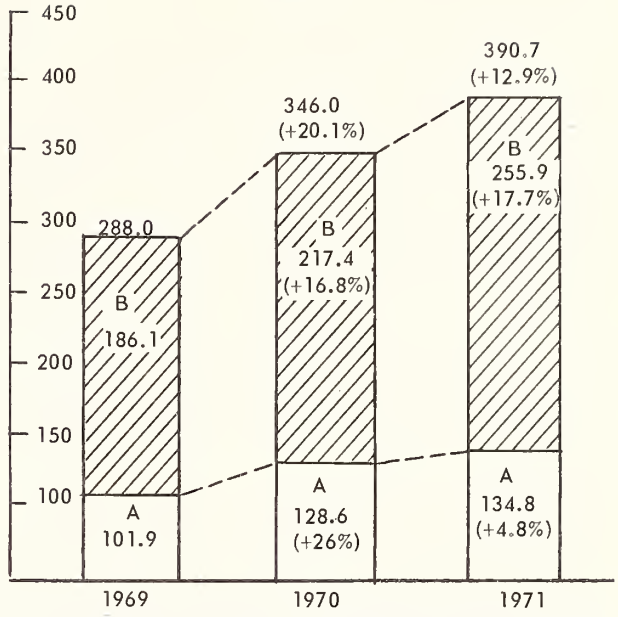
4. MEDICARE ADMINISTRATIVE COSTS

In 1971, Part A administrative costs rose 4.8 percent—a considerably smaller increase than in 1970 when administrative costs rose 26 percent. The slower rate of increase was primarily due to reduced auditing costs, one of the largest administrative costs.

Part B administrative costs rose 17.7 percent during the year, reflecting the cost of both improving the quality of claims processing and of developing and implementing improvements in EDP systems.

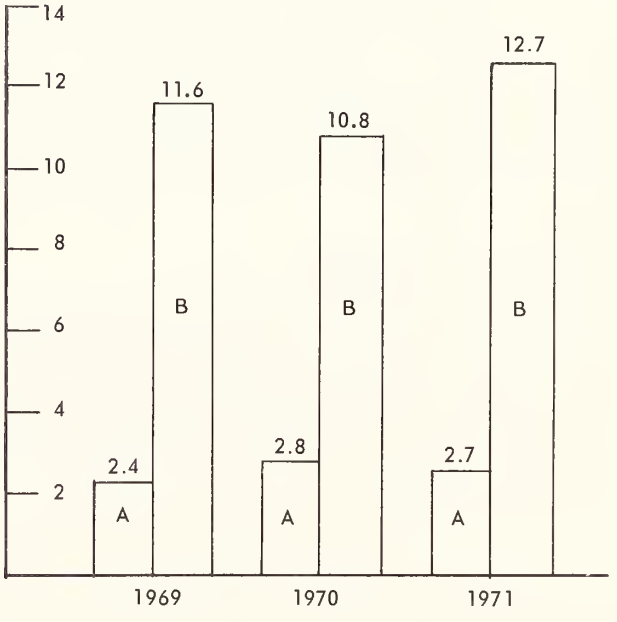
Viewed as a percentage of benefit payments, Part A administrative costs did not rise as rapidly as health care costs. In Part B, however, administrative costs slightly exceeded the general rise in health care costs. The difference in the costs of administering the two programs is due to essential differences in the nature of the programs and their reimbursement mechanisms. Unlike Part A, Part B of Medicare involves processing a large volume of small claims (e.g., 49.1 million Part B claims, compared to 17.9 million Part A bills during 1971).

Part A and Part B
Total Administrative Costs
(Million $)



The average benefit payment in Part A is seven times greater than in Part B. Then, too, Part B carriers must maintain extensive records to determine reasonable charges for physicians' services.

Part A and B
Total Administrative Costs as a
Percentage of Benefit Payments



5. POTENTIAL FRAUD AND ABUSE

a. Workloads

Receipts

	Through 12/70 Q [1]	3/71 Q	6/71 Q	Total
Fraud	3,850	679	609	5,138
Program Abuse	4,055	998	938	5,991
Total	7,905 [2]	1,677	1,547	11,129

Clearances

	Through 12/70 Q [1]	3/71 Q	6/71 Q	Total
Fraud	2,294	583	507	3,384
Program Abuse	2,690	807	785	4,282
Total	4,984 [2]	1,390	1,292	7,666

[1] Quarterly information is not available prior to the 3/71 quarter due to conversion to a computerized tape system.
[2] Total from 7/1/66-12/31/70.

With more experience in detecting program abuse and fraud, DO's and intermediaries are referring more cases to BHI. In addition, publicity generated by fraud indictments and convictions (11 convictions in 1971) has increased the number of cases originating from beneficiary reports and other public sources. As a result, total pending workload increased from 2,372 cases at the end of 1970, to 3,463 on June 30, 1971. BHI is evaluating this workload to determine the steps that can be taken to reduce the backlog.

The number of fraud convictions and cases pending with U.S. attorneys increased almost 65 percent over the last year—fraud convictions rose from 4 in 1970 to 11 in 1971, and cases pending rose from 7 to 29.

b. Types of Violations

In 1971, 47 percent of all potential fraud cases involved allegations of physician billings for services not rendered; 16 percent were for provider (hospitals, etc.) billings for services not rendered; and 17 percent involved double billings for a single service.

Assignment violations continued to dominate the abuse workload, constituting about the same proportion as last year—57 percent.[1]

c. High-Income Physicians

BHI reviewed carrier reports on payments to physicians who received over $25,000 in Medicare reimbursement during calendar year 1969 and whose patterns of practice were unusual in relation to other physicians in the area who were engaged in similar specialties. The study involved about 1,850 "solo" practicing physicians, an increase of 522 over the number in the previous year's study. In 827 cases, payments were determined to have been proper; in 213 cases, current payments were suspended because of apparent overpayments; and in 315 cases, including some suspended ones, there were referrals for peer review. To date, carriers have found overpayments totaling almost $5 million. This amount is expected to increase as more cases are returned from peer review, and carriers complete their review of other cases. SSA is directing efforts to recover these overpayments.

d. Quarterly Program Savings Report

At the beginning of 1971, BHI staff prepared a new Quarterly Program Savings Report. It was designed to determine overpayments on a case-by-case basis and to record the amount of money actually recovered—either through direct repayment or offset against subsequent valid claims—as the result of BHI activities to prevent fraud and abuse.

Overpayments Recovered During 1971

Quarter Ending	Amount Recovered
September 1970	$1,011,037.12
December 1970	562,160.74
March 1971	542,141.85
June 1971	1,886,616.49
Total	$4,001,956.20

[1] These are cases where the physician agrees to accept Medicare payment as payment in full for services rendered and, when the Medicare payment is less than his charges, attempts to collect the difference from the beneficiary.

BLACK LUNG PROGRAM

BLACK LUNG PROGRAM

Cumulative Data from December 1969 through June 1971

CLAIMS (Thousands)

Applications Filed			309
Applications Cleared			274
Allowances	(48.3%)	132	
Denials	(51.7%)	142	
Miners		176	
Allowances	71		
Denials	105		
Widows		88	
Allowances	58		
Denials	30		
Others (Not Classified)		10	
Applications Pending End-of-Year			35
District Offices		8	
Philadelphia Region		5	
Atlanta Region		1	
9 Other Regions		2	
BDI		27	

Receipts by Region—1971 only

APPELLATE PROCESS (Thousands)

Reconsideration Requested	64
Decisions	13
Affirmations	9
Reversals	4
Request for Hearing	2

BENEFICIARIES (Thousands)

Miners	68
Widows	57
Dependents	73
Benefit Payments	$330,000,000

ADMINISTRATIVE COSTS

Manpower	1,600 Man-Years
Unit Cost Per Claim	$80.00
Total Administrative Cost	$26,100,000

E. BLACK LUNG PROGRAM

1. INTRODUCTION

The primary purpose of the Federal Coal Mine Health and Safety Act of 1969 is to protect the health and safety of the Nation's coal miners. Part B of Title IV of the Act, entitled "Black Lung Benefits," provides for monthly cash benefit payments from general tax funds to coal miners who have been totally disabled by pneumoconiosis arising out of employment in underground coal mines, and to widows of coal miners who died from the disease. Primary responsibility for administering this part of the Act was delegated to SSA. However, SSA's responsibility is limited to claims filed before January 1973. The Department of Labor will assume responsibility beginning in January 1973.

With almost no lead time to prepare for this legislation (the law was made effective upon enactment) and with benefits to begin for eligible claimants with the month in which they filed their claims with no retroactivity, SSA had to take quick action on several major fronts. First, potentially eligible claimants needed to be told about the program and urged to file applications promptly to avoid possible loss of benefits. Second, a body of administrative regulations establishing criteria for determining disability because of pneumoconiosis had to be issued within 3 months of enactment. Third, administrative procedures, regulations, and other mechanisms had to be devised for taking applications, developing necessary evidence, determining all necessary factors of entitlement, and establishing and continuing benefit payments. Action on all of these fronts had to be taken at once to avoid loss of benefits to claimants and to process claims with reasonable promptness. SSA geared up to handle this new workload, but because of the short lead time, the heavy claims load, and the concentration of the workload in a limited geographical area (65 percent of the claims came from Pennsylvania, West Virginia, and Kentucky), backlogs did develop. These were not eliminated until well into 1971.

2. WORKLOADS

a. Initial Claims

	1970	1971
Initial claims filed (cumulative)	172,000	309,000
Decisions (cumulative)	14,000	274,000
Allowances	14,000	132,000 (48.3%)
Denials	—	142,000 (51.7%)
Initial claims pending on June 30	156,000	35,000

When 1971 began, over 172,000 BL claims had already been filed and over 3,000 new claims were being received each week. By year's end, cases totalled 309,000 and 2,000 new claims were still coming in each week

Two-thirds of the claims continued to come from Pennsylvania, West Virginia, and Kentucky. Applications from these three States, plus the States of Virginia, Alabama, Illinois, Ohio, and Tennessee, made up 90 percent of the total.

About 10,000 allowances were completed and released in the latter months of 1970. The tempo of case processing increased rapidly, however, as 1971 got underway, with the first denial notices being released in September 1970. (The first BL allowance determinations had been released in May 1970.) By the end of 1971, action had been completed on over 274,000 claims, including virtually all claims received in the first year of the program.

The long processing delays encountered early in the year had nearly disappeared as the year ended. The earlier delays had resulted primarily from the heavy backlogs built up because of the deluge of claims filed immediately after enactment and the lack of time SSA had to prepare for the work. By the end of the year, the situation had improved and, for claims filed in 1972, the average processing time should be more in line with regular DI claims; i.e., about 10 to 12 weeks from filing to completion.

b. Reconsiderations

	1971
Requested by Claimant	64,000
Decisions	13,000
Affirmations	9,000
Reversals	4,000

Shortly after releasing the initial denial notices, BDI began receiving requests for reconsideration from denied miners and widows. By the end of the year, over 64,000 requests had been received.

In processing these requests, SSA has made every effort to help applicants obtain evidence to support their claims. Where the claimant questions a negative X-ray reading,[1] arrangements have been made to obtain the film and have it reread by one of several eminent independent radiologists under contract with SSA. When the quality of the initial X-ray film is not satisfactory, new film is purchased.

Midway through the year, a "preaffirmation" interview experiment was begun. This experiment involved a sample of miners whose claims were about to be denied for the second time. During the interview, a SA examiner discussed the basis for redenying the claim with the applicant, and made certain that all pertinent evidence had been considered. The experiment was undertaken to determine whether improved understanding on the claimant's part would result in fewer hearing requests as compared to a control group of applicants who were not interviewed.

[1] To establish the causal or occupational connection with coal miner's pneumoconiosis, regulations provide that there must be X-ray evidence of pneumoconiosis in the living applicant. This is based on the prevailing medical judgment that, in the absence of positive X-ray evidence, the disease does not exist or exists to a degree that would have no significant effect on the claimant's functional capacity.

c. Beneficiaries, Payments, and Administrative Costs

	Cumulative Through	
	1970	1971
Beneficiaries		
Miners	12,000	68,000
Widows	1,000	57,000
Dependents	10,000	73,000
Total Benefit Payments	$10,000,000	$320,000,000
Administrative Costs	$4,000,000	$26,100,000

Total manpower to process BL claims in 1971 was 1,342 man-years compared with the 260 man-years used in the last 7 months of 1970.

3. BL BENEFIT CONVERSION

The BL law provides a basic benefit amount equal to 50 percent of the minimum monthly payment which a disabled Federal employee in Grade GS-2 would receive if entitled to disability benefits. As a result of a Civil Service pay increase, benefits for all BL beneficiaries were increased effective in January 1971. BDI and BDP developed a special conversion operation to automatically increase the benefits of the 86,314 beneficiaries than on the rolls. Of this number, 84,886 (or 98 percent) received their increased benefit checks on February 3, 1971. BL benefits had also been increased in July 1970 because of a change in Pennsylvania law. The law provided that the offset of State benefits would be nullified if BL benefits were also payable. The increases due 22,369 beneficiaries as a result of this amendment were included in payments made for July 1970.

Organizational Activities

A. OFFICE OF PROGRAM EVALUATION AND PLANNING

1. SOCIAL SECURITY LEGISLATION

OPEP's primary legislative planning work during 1971 involved President Nixon's recommendations for changes in the social security program. Most of the President's proposals were included in H.R. 1, the major social security and welfare reform bill in the 92nd Congress, as reported by the Committee on Ways and Means on May 26, 1971. OPEP staff prepared background materials, draft legislative language, and analytical and explanatory materials for Department officials, the House Committee on Ways and Means, the Senate Committee on Finance, and individual members of Congress.

In health insurance, OPEP worked mainly on proposals for changes in the Medicare law embodied in H.R. 17550, the Social Security Amendments of 1970, and later in H.R. 1, the Social Security Amendments of 1971. OPEP staff developed rationale and legislative language for provisions of H.R. 1 that were not included in H.R. 17550. Most significant among such provisions were: (1) the proposal to extend health insurance protection to persons entitled to monthly cash disability benefits under the social security and railroad retirement programs after they have been entitled to benefits for at least 2 years; and (2) the proposal under which the premium paid by enrollees in the supplementary medical insurance program would be increased after 1972 only if there is a general benefit increase.

OPEP also helped develop testimony and prepared background materials for use by Department officials during Senate hearings on national health insurance proposals.

2. ADVISORY COUNCIL ON SOCIAL SECURITY

Serving the advisory council, which concluded its study of the social security program and issued its reports on March 31, 1971, continued to be an important activity for OPEP during the year. Staff memoranda on significant current issues concerning social security cash benefits, Medicare, and related subjects, such as the Federal-State public assistance programs, were furnished to the advisory council. OPEP is evaluating the recommendations made by the council for changes in the cash benefits and Medicare programs. It plans to identify those that might be recommended to the Department for inclusion in legislative proposals, and those that require further evaluation or might be more appropriate for longer-range legislative consideration.

3. ADULT ASSISTANCE PROGRAM

OPEP prepared legislative materials and helped draw up plans to set up the administrative mechanism for the proposed adult assistance program for the aged, blind, and disabled in H.R. 1.

4. SOCIAL SECURITY AGREEMENTS WITH OTHER COUNTRIES

As part of the continuing study of the possibility of entering into agreements for a limited coordina-

tion with the social security systems of other countries, OPEP participated with BRSI and ORS in an SSA task force to study a draft agreement prepared by the Italian Government. Technical discussions were held in Rome between members of this task force and representatives of the Italian Government to develop an alternative draft agreement that could serve both as a basis for high-level negotiations between the two countries and as a prototype for agreements with other countries.

5. BLACK LUNG PROGRAM

OPEP developed a number of recommendations for technical improvements (e.g., provisions to facilitate payment of underpayments due a deceased beneficiary, recovery of overpayments, payment of representative payees, and representation of claimants) in the BL benefit provisions of the Federal Coal Mine Health and Safety Act of 1969 (P.L. 91-173). In addition, OPEP supplied analyses of drafts of proposed regulations and explanatory material concerning BL benefits; drafted testimony for hearings before the General Subcommittee on Labor; and supplied technical assistance to Department spokesmen who testified on proposals to amend the Act.

6. INQUIRIES AND CORRESPONDENCE

During 1971, OPEP's Legislative Reference Staff answered over 50 percent more inquiries than in 1970 (2,900 vs. 1,900). By categories, these were as follows:

Congressional staffs	750
DHEW	500
Other SSA components	1,250
Outside DHEW	400
	2,900

The majority of the inquiries (over 55 percent) were related to H.R. 17550 (91st Congress) and H.R. 1 (92nd Congress), including requests related to the activities of the House Ways and Means Committee and the Senate Finance Committee. The staff also answered 250 Congressional committee requests on specific items (including bill reports) in 1971, compared with 255 in 1970. A total of 1,559 letters were answered—down about 100 from 1970.

B. OFFICE OF RESEARCH AND STATISTICS

1. HEALTH INSURANCE

a. Medicare Analysis of Days of Care (MADOC)

MADOC, a model for estimating inpatient hospital length of stay, became operational during the year. The model, which considers hospital, patient, and treatment characteristics, compares hospitals within a given geographic area and provides a frame of reference for regional office, intermediary, and hospital staff (including utilization review committees) to review and identify problem situations. Data covering the July-December 1969 and January-June 1970 periods were released during the year.

b. Index for Physicians' Fees

Current legislative proposals provide for future increases in prevailing medical charges to be based on appropriate economic index data. ORS was given responsibility for developing a methodology for such an index, and considered a number of alternatives and sources of data. A staff paper was prepared recommending use of IRS tax data. The methodology has been generally accepted, and implementation awaits legislative action.

c. Provider Cost Analysis

Provider cost analysis has important implications in appraising the effect of various methods of reimbursement and in attempting to isolate the more significant factors related to increased costs and changes in revenue and patient mix. In 1971, ORS analyzed income data for the first 3 years of Medicare, and published the findings in the *Social Security Bulletin* and in a staff paper, "The Net Income of Hospitals." ORS also began to examine the impact of Medicare on the rate of cost increases in hospitals, on methods of reimbursement, and on the sources of revenue. The staff also began work developing a model using these same data, which will relate the input of resources to the output of patient services.

d. Health Maintenance Organizations

The national Administration has emphasized stimulating the growth of health maintenance organizations, which provide a comprehensive range of medical services in a single organization for a fixed contract fee. During the past year, ORS developed a number of special studies aimed at reviewing and comparing the experience of Medicare enrollees of various group practice prepayment plans against similar Medicare populations in the same geographic areas. Further and more intensive studies of this kind are in process. ORS personnel also examined and outlined reporting requirements needed to permit adequate evaluation of health maintenance organizations, should current legislative proposals be enacted.

e. Study of National Health Insurance Proposals

Public Law 91-515 required DHEW to study each bill introduced in the 91st Congress that undertakes to establish a national health insurance or similar plan. ORS was asked to analyze the adequacy of the bills dealing with population coverage, the type of health care provided, and development of new and improved methods of delivering health care. ORS prepared reports covering the 13 bills introduced in the 91st Congress, and the bills reintroduced, modified, or newly introduced in the 92nd Congress.

2. DISABILITY

a. Data Link with Rehabilitation Services Administration (RSA)

ORS staff coordinated the establishment of a data link between SSA internal data sources (e.g., earnings record and master beneficiary record) and the RSA record of case closings. These data will provide information on earnings before and after completion of vocational rehabilitation services for all VR agency clients. This file will also enable the impact of VR services on disability insurance beneficiaries to be more closely studied on an ongoing basis. A Data Coordination Committee, including representatives from RSA and State VR agencies, was set up to provide overall direction to this project. Specifications and procedures involved in developing the data link were being tested at year's end.

b. Black Lung

A report on the early experience of the BL program was completed by ORS staff, and a

more extensive review of 1970-71 experience is to be prepared. Information is being secured on age, race, and family composition of beneficiaries; State and county of residence of beneficiaries in major coal-producing States; workmen's compensation offset; and entitlement to OASDI benefits.

3. INCOME MAINTENANCE AND REPLACEMENT

a. Research on the Aged

During the year, ORS published two reports based on the 1968 Survey of the Demographic and Economic Characteristics of the Aged. Preliminary plans were developed to conduct a study of earnings and benefits changes between 1967 and 1972 for persons in the 1968 sample. Using data from the 1968 survey and other relevant data, ORS staff was developing a simulation model that will be used to test various social security program alternatives and to project the economic status of the aged in the future.

b. Economic Models

In 1971, ORS continued to devote considerable staff resources to developing economic models that can be used in the analyses of alternative income-maintenance proposals and income-redistribution effects of social security and other transfer systems. ORS economists produced a number of papers on the effects of social security benefits, private and public pensions, and public assistance on the way income is distributed in relation to measures of income adequacy, the impact of payroll taxes on employers' allocation of resources, and the effects of the OASDI program on the labor supply of older workers since World War II. Some of these papers were presented at economic conferences or published in professional journals or SSA publications.

4. STATISTICAL TABLE ASSEMBLY AND RETRIEVAL SYSTEM

Over the years, ORS accumulated several million pages of statistical data pertaining to the various SSA programs. The value of these tabulations as a research tool was severely limited by the lack of effective means for identifying and retrieving the data kept in bulk form in archival storage. In a joint effort, ORS and BDP developed STAR, which became operational in 1971. Abstracts describing thousands of statistical tables are maintained by the automated system, while copies of the actual statistical tables are stored on microfilm cartridges. Researchers may query the system to determine whether needed information already exists in tabular form.

The system will search the abstracts and tell the researcher if the requested data is available and, if so, its location on the microfilm cartridge. The system is proving very effective in providing rapid response to users and in eliminating requests for the regeneration of existing statistical data.

5. TECHNICAL ASSISTANCE

a. International

ORS's International Staff prepared technical training programs for 525 foreign government officials and other individuals from 72 countries during the year. The programs ranged from a few days to a year. Foreign visitors to SSA were sponsored by the Agency for International Development (AID), their own governments, international organizations, and others.

ORS also provided technicians and management personnel for technical assistance missions to developing countries to assist them in improving the operation of their social security systems. Generally sponsored under AID auspices, these missions were undertaken in Uruguay, Brazil, Guatemala, and Panama.

b. SSA Components

ORS personnel gave technical assistance on a number of major projects to other SSA components. These included: (1) sample designs for BHI to estimate and recoup overpayments made to teaching physicians and others; (2) developing a model to assess DO staffing needs and mix of personnel for each BDOO region; and (3) constructing models to simulate the effects of various management policies or alternatives on staffing in DO's and PC's.

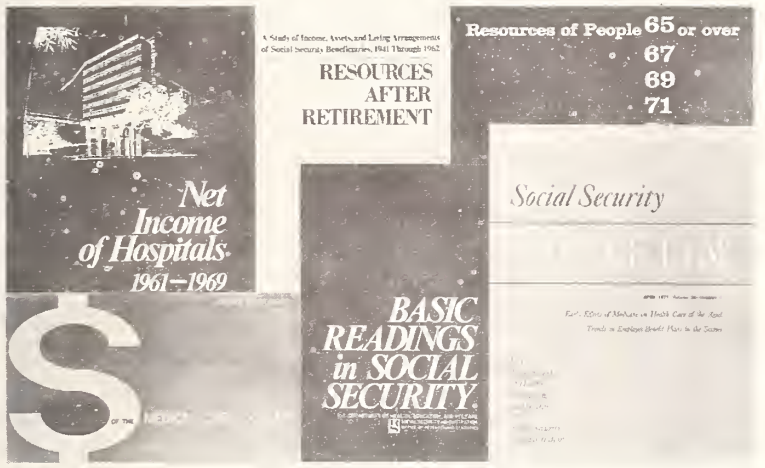
c. Longitudinal Disability Applicant Sample

ORS personnel planned to establish a sample of disability applicants that will combine administrative information from various source records, including demographic and medical data, earnings histories, and benefit experience over a

period of time. Once established, it will allow the study of the characteristics of disability applicants both before they apply for benefits and after they have recovered. By periodic updating, new sample records and additional actions affecting the established sample will be added to the master file.

6. PUBLICATIONS

ORS publications in 1971 included the *Social Security Bulletin,* four staff papers, two research reports, nine survey reports, and 47 notes and statistical releases. The chart book, *Resources of People 65 or Over,* presented in popular form findings from the 1968 Social Security Survey of the Aged. The annotated bibliography, *Basic Readings in Social Security,* was the first revised edition of this publication since 1960.



Selected Publications of the Office of Research and Statistics

C. OFFICE OF ADMINISTRATION

1. FINANCIAL MANAGEMENT

a. Manpower

As in previous years, the control and use of manpower was a major focus of OA's financial management activities during 1971. The year began with a precautionary warning from Department staff (DHEW) that SSA's request for a permanent employment ceiling increase of 1,811 positions over the preceding year would probably not be approved, at least not in its entirety. Notwithstanding the uncertainty, OA increased component ceilings by 1,200 to prepare for the handling of increased regular work and new workloads from expected legislation. In anticipation of approval from DHEW and the Office of Management and Budget, OA allocated a further increase of 450 positions for work on the BL program.

In January 1971, SSA received 1,050 of the 1,811 positions requested. OA successfully appealed for the disallowed portion and received the full 1,811. In June 1971, on OA's petition for relief from ceilings, DHEW further increased SSA's ceiling by 387.

OA geared SSA's plans for temporary employment in 1971 to an end-of-the-year budgeted level of 1,312. Because of the increase in work levels due to the 1971 benefit conversion and the heavy workloads in BL benefits, SSA components were authorized to build temporary employment up during the year to 2,312. When DHEW approved a ceiling of only 973, measures were instituted to cut down to this limitation.

b. Money

SSA's 1971 appropriations for salaries and expenses were $997,461,000, including a $25 million contingency reserve. Medicare workloads exceeded estimates by about one and one-half percent. Also, contractors' salary and other costs increased beyond estimates, thus forcing up the cost of each unit of work they produced. DI workload cost estimates in the disability determination units of the States were $8.5 million more than planned, exceeding SSA's capacity to absorb them by $1.7 million. After absorbing increased workloads throughout SSA costing $13.8 million, support of planning for the Family Assistance Program costing $2.0 million, and new legislation increasing the Federal share of employee health benefits by $1.2 million, OA requested apportionment of the entire contingency reserve of $25 million for 1971.

c. Payroll Activities

In an effort to improve payroll services to SSA employees, OA made arrangements, in cooperation with BRSI, to have PC's submit their time and leave data by wire transmission to the central office at the end of each pay period. The resulting tapes were then forwarded to DHEW for processing. The procedure makes several more days available to DHEW for processing. In addition, the summary report of time and attendance cards, designed and used exclusively by SSA for the past 2 years, was adopted Departmentwide.

2. SYSTEMS

a. Long-Range Systems Planning

In 1971, OA continued to work on the "Five-Year Systems Development Plan." The systems priority and control phase of the plan was begun after the Commissioner decided to adopt eight systems objectives requiring priority effort because of possible major legislation. These objectives were:

- Automate the account number issuance and maintenance process.
- Implement the redesigned initial claims process.
- Implement the redesigned manual adjustments process (MADCAP).
- Assure direct input of all postentitlement notices.
- Provide Master Beneficiary Record (MBR) printouts for action in any manual processing case.
- Improve the data recorded on the MBR.
- Eliminate folder documentation of actions taken.
- Implement the planned daily updating system in health insurance and eliminate the open-bill problem.

OA began developing a three-part priority reporting mechanism to insure a coordinated effort to meet these objectives: (a) identifying projects, setting milestones for each project, and schedul-

ing resources; (b) reporting progress on a monthly basis; and (c) evaluating status reports to produce an aggregate picture of progress.

b. Specific Systems Developments

(1) Technical Resources

With an OA staff member serving as project director and with the full cooperation and support of staff from BDP, a Westinghouse consultant team concluded a 9-month analysis of SSA's ADP systems and resources. The final report included 20 key recommendations covering ADP organization and management, personnel, data processing techniques, and equipment recommendations for management consideration. The recommendations are being studied to formulate a comprehensive plan of action.

During the year, OA issued a request for proposals (RFP) to manufacturers of key-to-tape and key-to-disc equipment to replace the keypunch-verifier machines in the six payment centers, BDI, and selected locations in BDP. The RFP resulted from a pilot test of equipment in the Kansas City and Birmingham PC's. Projected annual savings are about $563,000. A selection committee, chaired by OA and composed of representatives from BDP, BDI, and BRSI, completed a technical and cost evaluation of all the equipment proposed. A contract for the equipment was to be awarded in July 1971, with deliveries to begin within 90 days.

(2) Administrative and Management Information Systems

(a) Personnel and Training

OA has been using a tape-oriented Personnel Data System and a card-oriented Education and Training System for personnel and training operations. A system proposal was developed in August 1970 to combine the two systems into a single drum and disc computer system which will not only support the operational aspects of those areas but also provide management information. After approval by all SSA bureaus and offices, the systems development began, with the first module becoming operational in the last quarter of 1971.

(b) Supply Management System

SSA's centralized supply and supply control system, based on manual and punched card procedures, became increasingly complex and unwieldy with the large increase in SSA staffing and numbers of offices. To provide the necessary control and flexibility for present supply activities and to meet future demands on supply services, OA made the decision to design and develop three subsystems, which will constitute a computer-based SSA Supply Management System. The Inventory Management and Control Subsystem was initiated in 1970 and was being installed at the end of 1971. Two additional subsystems, Receiving-Warehousing-Shipping and Contract-Purchasing, will require development efforts stretching into 1973. This system will interface with GSA's ARS for the purpose of routing SSA supply traffic to them. Preliminary tests indicate that the use of ARS has been highly satisfactory.

(c) Management Information Systems

SSA has many "modules" of a Management Information System throughout the bureaus/offices; i.e., each bureau/office has essentially been operating its own information system for its particular needs. Those modules have not been coordinated into a total systems concept, which would provide direct access to all levels of data and allow for interaction of data for analyses and management information.

As part of an overall plan, OA prepared a systems proposal for a computer-based information system for its SSA-level reporting responsibilities. This system, which will store statistical data for information reporting and analysis, was being installed at the end of 1971. The system will provide on-line retrieval of historical data, as well as the interaction of current and historical data for management use. It will be the cornerstone for the SSA-wide management information system.

(d) Accounting System

During 1971, OA completed installation of an automated accounting system which meets the overall requirements of DHEW's Umbrella Accounting System. The system replaces one that was primarily manual with some punched-card applications. It provides SSA with a wide range of accounting services and furnishes management personnel with detailed daily, weekly, and monthly reports of fiscal operations. Also, the system generates many of the fiscal reports required by DHEW, Treasury, and OMB which

were previously prepared after complex manual procedures. This system will also furnish a base from which other more specialized accounting functions—such as cost accounting—can develop.

c. Operating Systems

OA helped in planning and then coordinated the development and implementation of a new separate operation for billings, entitlement, and remittances (the SOBER system) dealing with Medicare Part B to improve SSA's recordkeeping ability dealing with Part B entitlement. BDP began operating the system in January 1971.

As a result of recommendations made by an OA-chaired work group, DO direct input of work notices was implemented during the year. This step gave the DO's direct input capability for a third major workload, and significantly enhanced the service SSA is able to give its beneficiaries. Also, OA supplied much of the emphasis to have the direct-input technique used on the annual report workload during the year, at a considerable cost saving. In a related move, OA played an active part in extending DO input to school-child benefit cases and establishing a "no-review" output category. OA coordinated a study to evaluate a punchcard-reader device for DO's to enter data into EDP systems. As SSA places greater emphasis on DO's as input stations, this device could greatly enhance their capabilities.

An OA-led work group produced the systems performance specifications package for a single, integrated claims processing system that will ultimately handle all claims. Computer programming and related activities have begun; it will take a year or more before the new system can be implemented.

3. ADMINISTRATIVE MANAGEMENT

a. Social Security Number (SSN) Task Force

The Social Security Number Task Force, which was established by the Commissioner in 1970, submitted its report in June 1971. This task force, chaired by the Assistant Commissioner for Administration, with top-level representatives from AC(F), BDP, BDOO, BRSI, ORS, and an outside consultant, made a comprehensive review of SSA's policies and practices relating to the SSN. OA provided strong staff support for this task force. The director of the Division of Administrative Appraisal and Planning was the task force staff director. Other OA staff members performed detailed background work and had a major role in drafting and redrafting the task force report.

The SSN Task Force identified issues with implications not only for SSA policy but for national policy. Its report recommended a series of steps for tightening up the issuance of SSN's to assure better identification of applicants. The task force also suggested the appointment of a broadly-based advisory committee to consider the implications of the growing use of the SSN as an identifier for non-social security purposes.

b. Audit Liaison

OA continued to be heavily involved in liaison activities with the DHEW Audit Agency (AA) and the General Accounting Office (GAO). AA issued 258 audit reports in 1971—10 on SSA internal operations and 248 on the operations of State agencies, health insurance intermediaries, and direct-dealing providers (76 more than were issued during the prior year). The latter increase resulted from AA's awarding contracts to public accounting firms for adults of direct-dealing providers and initiating reviews of State operations.

GAO audit activities continued to be heavy, particularly the comprehensive auditing of the Medicare program. During 1971, 39 GAO reports were received which compares to 20 for 1970.

c. Administrative Directives System (ADS)

Directives Issued

1968	1969	1970	1971
44	132	200	256

During 1971, OA staff visited each RO to discuss the ADS and to consult with the office of the regional commissioner and bureau staffs on converting existing instructions to the ADS. All regions are now using the ADS for their administrative instructions.

d. Document Analysis

A Document Analysis Laboratory to authenticate materials submitted by claimants was established in OA in 1969. About 125 cases were received during 1971, requiring examination of nearly 8,000 separate documents or pieces of evidence. The total saving to the Government, where fraud

was established with support from the document analyst's conclusions, was over $472,000 for 1971.

e. Computerization of OA's SSA-Level Information Activities

OA made substantial progress in converting its management information activities from a manual to a computer-based system. SSA-level reports have been manually prepared from various reports supplied to OA by the bureaus and offices. These reports have contained a small part of the total data in the various component data bases. More extensive data, compiled from component data bases, was transferred into the OA system during 1971 for OA's weekly operational report, with actual preparation of the report from the computer scheduled for mid-August 1971. In addition to the production of regular reports that will be prepared from computer programs, including "canned calculations," the computerized facility is being programmed to provide a research capability for the selective analysis of all data to be stored in the system.

f. Recurring Reports

OA developed an experimental prototype SSA annual report to provide a comprehensive record of the year being reported, and to stress information of both current and historical reference value. The *SSA Annual Report* for fiscal year 1970 was the first to be issued in this format. In addition, a booklet, *SSA Facts for Fiscal Year 1970,* consisting of six pages of comprehensive data from the *SSA Annual Report* in flyleaf format, was published in a separate issuance. The *Weekly Summary of Operations* (WSO) report was substantially revised in December 1970 to facilitate comparisons of current major workloads to the recent past and to annual cycles.

g. Common Cutoff Date for Budget and Workload Reporting

Bureaus and offices have been using various weekly cutoff closing dates for collecting and reporting workload and budget data. To overcome problems of compiling and analyzing these data, OA established a common closing date of Wednesday for all periodic reports. OA, BDI, BHA, and BDP will provide data for SSA-level reports, with a Wednesday cutoff date, beginning with 1972. BDOO workload data was already being prepared with that closing date.

h. Long-Range Administrative Planning

During 1971 OA personnel concentrated their major efforts in the long-range administrative planning area on compiling and issuing *Baseline 1970. Baseline 1970* gathers, in one document, information on the historical development and present state of selected indicators of SSA activities: programs, functions, systems, organization, staffing, facilities, and finances. Later, efforts will be directed toward identifying possible future events that may affect the nature and scope of SSA activities, and developing long-range projections of staffing, facilities, and other requirements that take these possibilities into account.

i. Adult Assistance Work Groups

In its deliberations on H.R. 1, the House Ways and Means Committee included as part of the welfare reform package the federalization of assistance payments to the adult welfare categories: the aged, blind, and disabled. The White House supported the Committee's proposal, and DHEW, during the Committee hearings, took the position that the new adult assistance program, if enacted, would be assigned to SSA. Therefore, under OA leadership, SSA began preliminary planning in February 1971. Then, after H.R. 1 was passed by the House of Representatives, a Program Policy Staff and an Adult Assistance Task Force were established and staffing began. These two groups will plan the operation of the adult assistance program.

4. PERSONNEL

a. Recruitment and Placement

Central Office Job Vacancy Postings

	1970	1971
Vacancies Posted	2,546	3,014
Applications Received	73,520	106,530

While the number of vacancies that were posted increased 18.4 percent, the number of employees filing for jobs increased 44.9 percent. Besides having to deal with these extremely heavy workloads, turnover required OA's CO staff to recruit 3,109 permanent and 191 temporary or part-time employees.

OA's personnel staff placed special emphasis on hiring Vietnam veterans, and over 200 veterans were placed in SSA jobs in 1971. The 130 placements in headquarters offices exceeded all other agencies in Maryland combined. In addition, OA almost doubled the number of handicapped employees hired—138 were placed in 1971 compared with 73 in 1970.

b. SSA Housing Service

Housing Requests

	1970	1971
Requests for Fair Housing	644	2,095
Complaints of Discrimination	17	22
Grievances with Landlords	34	111
Cases of Eviction	16	22
	711	2,250

OA, after consulting with local government and civic officials, community organizations, banking institution representatives, and home construction companies, carried out a survey among headquarters employees to determine housing needs near the Woodlawn complex. The analysis of the questionnaire responses was presented to the Greater Baltimore Committee and is being used to develop plans to meet the housing needs of SSA headquarters employees.

OA's SSA Housing Service also conducted a housing seminar entitled "Equal Housing Opportunities 1971." This seminar, sponsored by Baltimore-area business, labor, government, civic, and community organizations, was attended by over 450 people, and was broadcast on live television. The seminar was credited with giving impetus to the passage of a fair housing bill by the State of Maryland. As another result of the seminar, the first Negro was appointed to the Real Estate Commission of Maryland.

c. New Awards

To provide suitable means for recognizing superior accomplishments, three new awards were established in 1971, Equal Opportunity Award, Supervisory Excellence Award, and SSA Public Service Award.

d. Training

OA continued to develop more systematic methods for the management and the delivery of SSA's training and career development program.

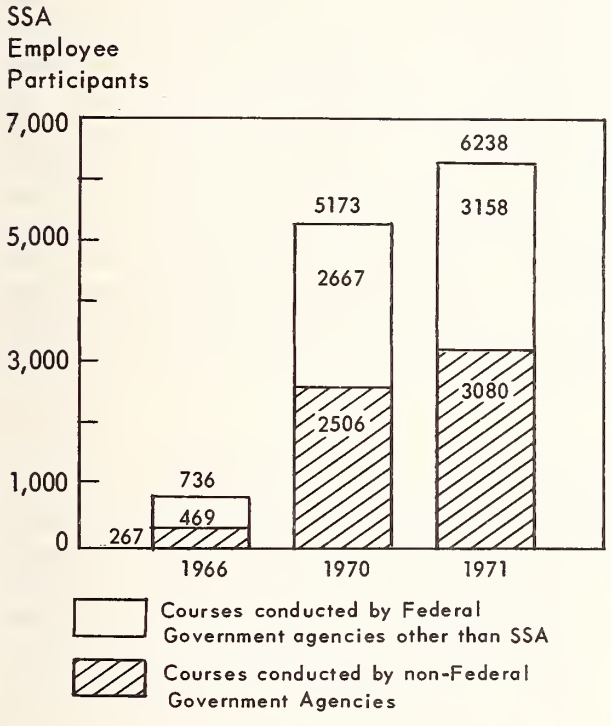
Special emphasis was given this effort by the release of a formal Statement of Policy and Objectives for Training and Career Development, which spells out the roles and responsibilities of key organizational elements in SSA and provides the framework for the release of additional

guides, policies, and procedures where appropriate.

Several guides on career development programs were also issued. In one of these, RC's may, at their discretion, initiate formal career development programs at the regional level for employees in grades 7-11 with limited mobility who have been excluded from other programs in the past.

Employee participation increased in the many types of formal training OA administers; for example:

Use of Government Employees Training Act (GETA)



There has been an increase of 750 percent in participation in training courses conducted by other Government agencies and non-Government institutions from 1966 through 1971, including a 21 percent increase from 1970 to 1971.

Courses Conducted, Coordinated, or Arranged by OA in 1971

Courses	Times Presented	No. of Participants
Supervisory Training	53	1,077
Communications Training	34	791
Clerical Training	50	1,900
Program Training	19	450
Total	156	4,218

e. Equal Employment Opportunity: Goals for Affirmative Action

OA worked with SSA components to set numeric staffing goals (not to be confused with quotas which are prohibited by Federal policy) and timetables for improving the EO record of various units and locations. The identification of equal opportunity deficiencies will be at a local level; e.g., DO's and PC's. The goals and the action plans to meet them will be approved and monitored by OA.

f. Labor Relations

OA was involved in two hearings before the Assistant Secretary of Labor for Labor-Management Relations. The cases marked the first involvement for SSA under the new third-party procedures established under Executive Order 11491, *Labor Relations in the Federal Service,* issued in October 1969. OA prepared both cases and represented SSA in one. In the first case, an appropriate unit question, a union sought recognition for a unit consisting of all nonsupervisory employees in a social security branch office. The BO was part of a district in which the employees of the DO and another BO were already exclusively represented by a different union. The Assistant Secretary, in a precedent-setting decision, upheld the SSA position that the BO employees did not have a community of interest separate and apart from employees in the parent DO. This decision will have a far-reaching effect on future appropriate unit disputes involving district and branch offices. In the other case, a union was certified as the bargaining agent for an SSA DO. This certification was disputed because it was claimed that another union was already the bargaining agent, and that this union had not been dissolved. The Assistant Secretary ruled that the second certification was not valid since the office was already bound by a valid negotiated agreement.

g. Health Services

(1) Extension of Health Services to Field Installations

During the year, a full-time physician was appointed for the Philadelphia PC and part-time physicians were hired for the New York and San Francisco PC's. All three PC's have programs under way to extend services and to establish a

periodic examination program similar to that in central office. With 50 DO's already participating in health programs offered by other Federal agencies and/or private health organizations, 31 additional DO's asked to participate in 1971. Decisions on what services to provide those offices will be made early in 1972.

(2) SSA-Red Cross Blood Assurance Program

Baltimore Blood Donations
(Pints)

	Quota	Donated	Used
1968	2,280	2,295	1,154
1969	2,280	2,281	1,060
1970	2,280	2,281	1,403
1971	2,280	2,704	1,331

The SSA-Red Cross Blood Assurance Program began in 1967 when SSA, after consultation and agreement with AFGE Local #1923, signed an agreement with the American Red Cross to participate in its blood assurance program. Since June 1970, the number of donors has risen sharply, with the quota for 1971 surpassed by April 1971. As a result of a rise in the number of employees in Baltimore since 1967, the quota for 1972 was raised to 2,500 pints.

(3) Heart Disease Prevention Clinic

During 1971, about 5,000 employes participated in the Blood Lipid Study, of whom 104 are receiving professional counseling as a result of the study. Meanwhile, 2,500 were also screened in the Heart Disease Prevention Program being conducted at the same time, and 270 people were given more complete physical examinations by Public Health Service physicians after the clinic detected an existing abnormality. The program was established at central office in 1970 by the U.S. Public Health Service and OA to assist SSA employees in the prevention and control of heart disease.

h. Day Care

OA established a day-care referral service to provide SSA's Baltimore employees with information on day-care facilities in their areas. The service also assists employees in handling problems arising in the care of children while the parent works.

5. COMMUNITY INVOLVEMENT

a. Volunteer Program

In February 1971, the Baltimore Community Action Agency presented SSA with a citation for outstanding volunteer community service by its employees. These services, coordinated by OA, are designed to promote good relations with the Baltimore community by bringing together SSA employees who wish to give their time, and with community agencies that need help. Volunteer highlights in 1971 were: (1) Chaperones were provided for 700 inner-city youngsters each week attending the 1970 summer day camp in the country; (2) SSA volunteers taught 25 girls who have dropped out of high school to sew (lack of clothing was a principal reason for dropping out), and students and volunteers presented a fashion show for summer aids employed at SSA headquarters; (3) five hundred underprivileged children were treated to a Christmas party at SSA headquarters sponsored by the volunteers and AFGE Local #1923.

b. Minority Business Activities

OA was successful in making greater use of minority business groups in construction, banking, and procurement. After DHEW approved SSA's proposal to set aside part of SSA's construction contracts ($350,000 or less), two of eight construction contracts were awarded in 1971 to minority firms through the Small Business Administration (SBA). These were for DO buildings in Lewiston, Idaho, and Waterloo, Iowa. Late in the year, the first agreement was made to transfer a portion of a Blue Shield account to a minority bank. Contracts were also offered and accepted through the SBA for services and supplies to be furnished by minority firms.

6. CONTRACT COMPLIANCE

Contractor Employment Data
(As of June 30)

	1968	1969	1970	1971
Total Contractor Employees	300,329	300,273	320,941	308,388
Percent Minority Employees	9.4%	11.5%	13.4%	14.2%
Percent Negro	6.4%	8.0%	9.4%	9.9%

For the most part, insurance companies under contract as fiscal agents for the Medicare program have made substantial progress in moving their minority employment up toward a level consistent with the representation of minority groups in the national population; i.e., 17.2 percent. In 1971, OA continued to stress employment at the technical, sales, professional, and managerial levels. Specific numeric goals and timetables were successfully implemented for major organizational units and geographical locations of contractors. Direct references to female employment were included for the first time in the Affirmative Action Compliance Programs.

7. OPERATIONS RESEARCH (OR)

OA assisted BDOO in designing a special study of the Puerto Rico District Office network at the request of the New York RO. The study consisted of two phases: a horizontal study in which a cross-section of DO operations was measured, and a longitudinal study in which the activities associated with the processing of cases were analyzed. During the horizontal phase, the demands for services by the public were studied to measure the arrival rate, waiting time, and service time of callers visiting the DO. In the longitudinal phase, claims processing was studied to establish the relationship between overall processing time and service provided. The study results, when published in 1972, will describe the office statistically in terms of its work activities.

During 1971, the OR staff participated in the design of a disability data base giving the rates of appeal and the rates of reversal for several claimant socio-economic characteristics. The results of research on hearing reversal rates were cited in the first disability decision to be rendered by the U.S. Supreme Court in May 1971 (Richardson vs. Perales) in support of the Department's position and procedures.

8. FACILITIES

The varied and essential activities involved in providing management services are illustrated by the following:

a. Construction Activities

(1) Central Office (CO)

Three interrelated studies were completed in 1971 on CO space needs. In one, OA identified plans of action for meeting long-range CO space needs through 1985. This plan anticipated construction on SSA-owned and SSA-leased property and the leasing of additional buildings. The second, contracted for by OA, was an architectural feasibility study that identified three separate options for placement of buildings that would be constructed on SSA property. The third, also contracted for by OA, was a traffic analysis by the Regional Planning Council, aimed at improving the ability of SSA employees to commute to and from the Woodlawn area through improvements in highways and in bus and rapid transit routing. Other areas covered in this study concerned work-shift changes and internal roadway options.

The East Building was completed and occupied early in 1971. OA, through the Department, authorized GSA to accept construction bids on the new West Building. A firm was selected, and construction began late in 1971, with completion scheduled for 1973.

(2) Field Facilities

The DO construction program was begun in 1965, with authorization to build 25 DO buildings with trust fund monies. In 1966, 12 offices were added to the program and 72 more in 1967, for a total of 109. Later, 28 were temporarily withdrawn from consideration and two sites cancelled permanently. Through 1970, 34 DO buildings were constructed and accepted for occupancy. None was completed in 1971 as a direct result of a

1969 Presidential freeze order on construction. This order put a temporary halt to both the DO and PC construction program, but authorized continued action on site selections and design. The freeze was lifted in late 1970, and during 1971 OA authorized, with DHEW approval, construction of 13 locations. Also in 1971, 13 of the previously withdrawn locations were funded and returned to active consideration; the designs for 15 locations were completed; and one additional site was acquired.

Also in 1971, OA requested and received appropriations for site acquisition and design of facilities for the Birmingham,[1] Chicago, San Francisco, and Philadelphia PC's with trust fund monies. The owner of the building in which most of the New York operations were housed completed an adjacent building, which was leased and occupied by the PC staff. The Kansas City PC occupies good Federal office building space.

b. Protective Security

In October 1970, GSA ordered tightened security in all Federal installations because of threats and acts of violence throughout the country. OA established an organizational unit encompassing the functional areas of physical security, civil defense, self-protection, and criminal investigation. These actions were taken: the guard force was increased from 95 to 115; security hours were lengthened and some entrances were closed; employees are required to show building passes when entering the headquarters complex; patrols of parking areas and buildings were increased; the EDP area was sealed off with tighter security regulations for entering the area; and instructions on bomb threats and search actions were given to more than 500 employees in Baltimore. In addition, procedures for handling bomb threats were issued to all DO's and PC's.

c. Graphics

JOBS	1969	1970	1971
Displays	743	783	946
Presentations (Charts, etc.)	1,133	1,054	1,546
Publications (Pamphlets, etc.)	4,599	4,262	4,115
Total	6,475	6,099	6,607

Since 1969, the number of presentation jobs processed has increased by 36 percent. During 1971, OA became involved for the first time in the design and production of visual materials to be used in producing 13 5-minute TV spots.

d. Printing

OA Print Shop

Jobs	1969	1970	1971
Printing Jobs	11,551	12,039	12,350
Printing Units[1] (Millions)	151.4	164.7	191.8

[1] A printing unit is one sheet 8" x 10", one side only, one color.

Three new presses and a plate-making machine, plus improved planning and followup on in-plant work, have helped reduce in-plant processing time to 5 days in 1971 from 8 to 10 days in 1970. Efforts are being continued to reduce the work cycle to 3 days.

OA's ability to respond more quickly to SSA needs has also been reflected in fewer surcharge (priority) jobs processed by the Government Printing Office (GPO).

	1969	1970	1971
GPO Jobs Processed	573	532	575
Number processed on priority	155	90	50
Percentage processed on priority	27.0%	16.9%	8.6%
GPO Jobs Estimated Cost	$2,179,000	$1,933,000	$1,800,000
Estimated cost of priority work	$728,000	$614,000	$454,000
Cost of priority work as percent of total	33.4%	31.8%	25.2%

[1] Since the year ended, plans for a new PC in Birmingham have been changed to lease construction.

D. OFFICE OF THE ASSISTANT COMMISSIONER, FIELD

1. REGIONAL REALIGNMENT

Consistent with the Executive decision to establish 10 regions for the socio-economic Federal agencies, SSA completed the realignment of its field organization by opening regional offices (RO) in Denver and Seattle during the year, after having moved the Charlottesville, Virginia, RO to Philadelphia in 1970.

SSA continued staff details to the Department to assist in the creation of Region X (Seattle); and in setting up the RO there. Staffing of the Seattle RO began in July 1970, though the office did not become fully operational until September 1970.

The Denver Region was not entirely a new creation, as several bureaus already were represented there. However, the boundaries of this region were changed, and an RC was appointed. In February 1971, this office became operational.

2. STRENGTHENING THE REGIONAL COMMISSIONER ROLE

Efforts undertaken in 1970, which were concurred in by the Department, resulted in increased delegations to the RC's and greater decentralization within SSA's field structure. In September 1970, the Commissioner made added delegations to the RC's and released a comprehensive implementation plan for discharging their responsibilities.

The areas of strengthened responsibilities and further decentralization include authority to select, appoint, and detail; and to conduct regional recruiting and training and career development activities; as well as overall direction of regional public information and public affairs, budget requests, travel and conference plans, and permanent facilities; authority to allocate 2 percent of total staffing within the region, and a regional program for SSA participation in community affairs.

3. PROGRAM EVALUATION STAFF

The program evaluation staff, which was established and became operational in 1970, undertook several significant projects during 1971. These included comprehensive studies of the employee appraisal system and promotion plan, the SSA conference program, and the use of the Government Employee Training Act. The staff also assisted in a number of regional evaluation projects under the direction of the RC's.

These activities, together with a program of ongoing visits, data analysis, and participation in conferences and meetings, enabled program evaluation staff to assist the RC's in carrying out their overall responsibility for regional administration. Having completed the first full year of activity, which demanded staffing, training, coordinating and planning efforts, the program evaluation function has matured at a time when prospective legislation and workloads will make heavy demands on this capability.

4. SSA REGIONWIDE COORDINATED ACTIVITIES

Because of staffing restrictions, the RC's undertook additional coordinating actions only on the most pressing or significant issues. While many of the coordinative roles provided by the RC are being carried out chiefly by review and control methods, regional training councils and regional public affairs councils have been established in each region. Also, RC coordination and leadership in recruiting have progressed in all regions. Currently, recruitment strongly emphasizes minority placement, with special efforts being placed on the hiring of Spanish-Americans and women.

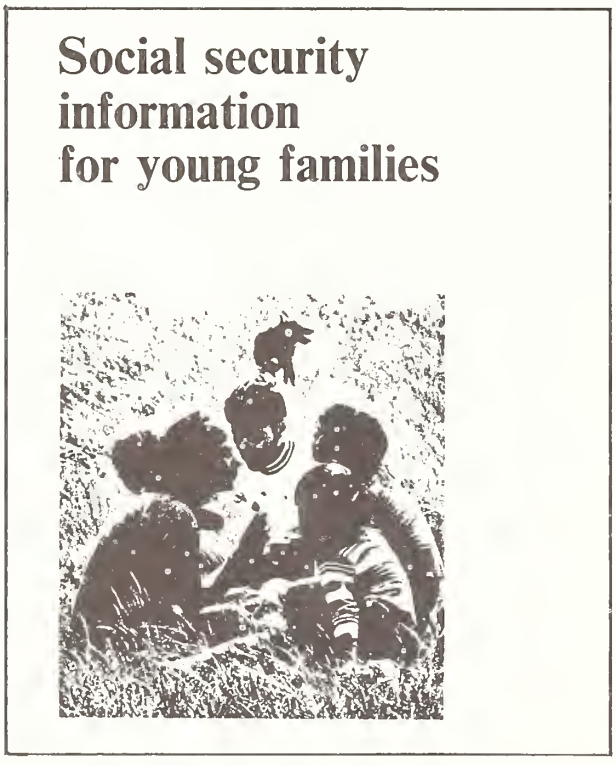
E. OFFICE OF PUBLIC AFFAIRS

1. MATERIALS FOR SELECTED AUDIENCES

a. Young Workers

OPA's goal for the younger workers in 1971 was to make them more aware of the protection offered by social security; this was done by blanketing the Nation with public service messages. Some results of OPA's efforts were:

- Three million dollars' worth of intensive public service coverage in national media.
- Almost 90 million exposures to SSA information through the Nation's union press.
- An encouraging increase in the younger worker's understanding of social security protection.



The Advertising Council, the industry's national clearing house, approved the SSA public service campaign aimed at the younger workers in 1971. This approval was vital for TV network coverage and useful for other media. At the end of the year, the Advertising Council announced that it will support SSA's activities again in 1972.

OPA also sought to reach the younger worker through financial institutions. A booklet, "Social Security in Your Financial Planning," was prepared by OPA personnel to explain to young investors their current and future stake in social security. Savings and loan associations, commercial banks, mutual savings banks, etc., distributed almost 2 million copies of the booklet.

b. Spanish-Speaking Americans

To improve the quality of information materials in Spanish, OPA assembled a task force of Spanish-speaking employees from throughout the country. The task force prepared a 147-word glossary of common social security terms that was distributed nationwide to social security personnel who work with Spanish-speaking people. The task force also translated three OPA publications into Spanish, and made recommendations about the relevance and quality of specific publications for Spanish-speaking audiences.

The San Jose, California, DO produced (with OPA underwriting) a series of 5-minute Spanish-language radio programs to meet the unique needs and interests of Spanish-Americans. These programs, adapted from OPA's regular radio messages, were being aired weekly on over 30 radio stations.

c. Migrant Workers

An illustrated booklet, providing basic information on social security for migrant workers, was prepared for OPA by a private firm specializing in materials for the undereducated. Awaiting SSA clearance, it is intended for use either alone or as part of a slide show for migrants now being developed by the same firm. Both the booklet and the slide show will be produced in Spanish and in English.

d. Teachers' Kit

After surveying the curriculum interest of the 50 States' school systems, OPA asked 12 leading educational authorities to review SSA's teachers' kit. Using their suggestions and comments as a guide, OPA personnel were developing a new education kit, including three tutor-text booklets and accompanying graphics at year's end. These draft booklets, designed for use by high school students, will be tested in selected school systems after publication.

2. SPECIAL PROJECTS

a. Improved Publications

OPA began a major long-term project in 1971 to overhaul the content and design of basic SSA publications. To achieve clearer copy and better design, OPA staff worked with two principal contractors in these fields: Dr. Rudolf Flesch, an expert on popular English usage, and George Nelson and Associates, a graphics design firm.

In specific projects:

(1) The Nelson firm began work on a graphics standards manual. The manual will provide guidelines for typography, format, color, and use of visuals in OPA publications. It will also serve as a style book for SSA components for their publications. An immediate result: OPA reprinted 20 leaflets and booklets in a new cover design recommended by Nelson.

(2) Dr. Flesch and the Nelson firm cooperated in producing a new, illustrated booklet: "Social Security: What it Means to You." This booklet is intended for readers of all ages with lower-than-average literacy skills. It will be tested in 1972 and, if effective, produced in quantity in 1973.

(3) The Publications Staff also collaborated with Flesch and Nelson in developing new approaches to "Your Medicare Handbook" and the series of "rights and responsibilities" booklets. Dr. Flesch contributed or reviewed draft copy for the revisions, and the Nelson firm worked on new designs. Production of these new booklets will begin in 1972, along with a new version of the leaflet "Social Security Benefits: How to Estimate the Amount."

(4) Before recommending revisions in the tone, visual appeal, and communications effectiveness of SSA's application forms, the Nelson company engaged in extensive research in DO's and PC's. Based on their findings, OPA prepared a new prototype SSA-1, Application for Retirement Benefits, for intercomponent discussion.

b. New Exhibits

OPA personnel developed a new modular exhibit system of plastic and steel modules that can be arranged in several configurations for use at meetings and conventions. The system allows for interchangeable messages and for easier and less-expensive production. It also permits OPA to provide duplicate messages at a fraction of the cost of a new exhibit. In the initial production, messages on five basic themes were developed: disability insurance, Medicare, survivors' protection, employer reporting, and a general message suitable for labor organizations.

c. Monthly Information Packages

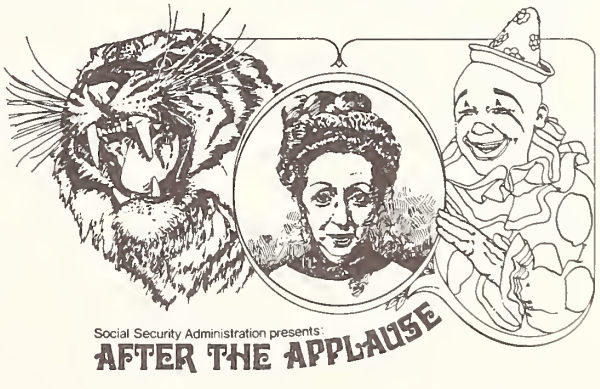
OPA began to distribute its new monthly information packages (IP's) in February 1971. Previously, the IP's were issued to the field each quarter. The IP's include draft news releases, Q's & A's, radio spots and 5-minute scripts, "slap-ups," posters, and Repro-News and Features, providing DO's with basic materials to serve local media. Issuing the IP's on a monthly basis provides for flexibility in subject matter, and permits OPA to respond more quickly to public information problems as they arise.

Repro-News and Features also was given wide distribution among union publications, bringing a dramatic increase in the amount of social security information published in the labor press. In addition, special information packages on teleservice were issued during the year.

d. OPA Films

The award-winning film, "After the Applause," was released in November 1970. The response to this treatment of disability and retirement insurance required the doubling of OPA's initial order of 200 prints.

The recent FCC requirement that TV stations originate more prime-time programs and that cable TV networks also originate some programs, has created a vast new field for audio-visual activities. OPA personnel, with support from OA's graphic staff, completed three 5-minute TV films designed especially for DO's to use as part



of locally prepared TV programs. A number of other TV films are in the planning or production stage.

e. Public Affairs Handbook

Early in 1971, OPA distributed the *Public Affairs Handbook,* the basic tool of SSA's regional and field public affairs people. Stressing the "how" of public affairs work, it supplements the seminars, conferences, and formal training intended to increase the informational skills of people who work in public affairs.

3. RESEARCH AND DEVELOPMENT

For OPA's new coordinated program of planning, evaluation, and training, 1971 was the first year of operation. Major facets of the program included:

a. A followup survey of 1970's contract study of public awareness, understanding, and attitude toward SSA programs. Preliminary evaluation indicated that the findings would help to define information needs and communication goals.

b. A study of incoming Congressional correspondence dealing with disability claims. The public has increasingly tended to write to Congressmen about problems in establishing eligibility to disability benefits. The study seeks to determine the extent to which administrative procedures or practices prompt such inquiries. The content analysis was being studied by OPA, BDOO, and BDI.

c. A study to identify and measure the serious misconceptions about social security held by the general public. OPA's methodology was to survey members of the SSA field force who work face-to-face with the public, to get their evaluation of common misconceptions (e.g., high five years used in computation of benefits). The study techniques and methods for analysis were completed in 1971, but their use was delayed because of budget and manpower limitations.

d. Devising a method for measuring the communications effectiveness of OPA's printed materials. Working with the OAC(F) and an outside contractor, OPA personnel developed and field tested a technique to help achieve that objective. This technique, including a manual for developing and administering such an evaluation program, will be ready for full-scale use by OPA and for distribution to RO's early in 1972.

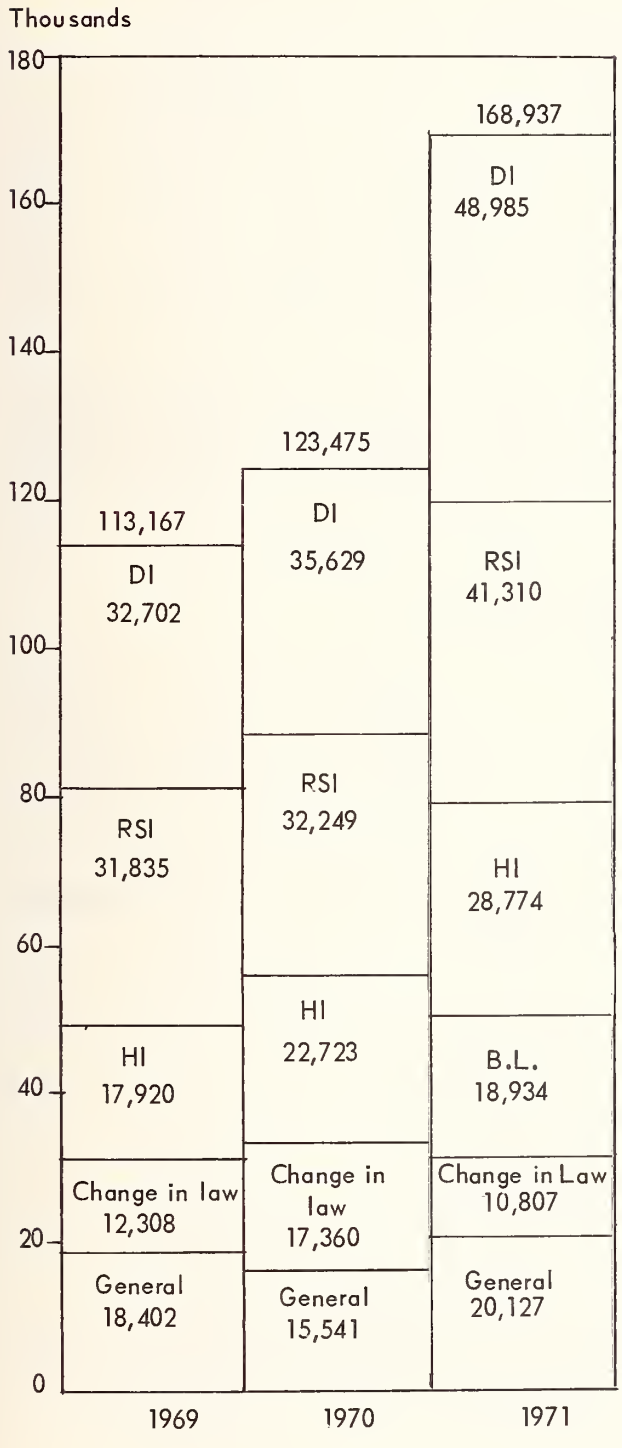
e. Providing assistance to SSA components in assessing communications effectiveness. Working with OAC(F) and BDOO, OPA staff helped restructure the section of the BDOO Comprehensive Guide that aims at more effectively and accurately measuring public affairs activities at the local level. Also, in collaboration with OAC(F), OPA began work on a series of packages for regional evaluation staffs to use in appraising public affairs activities at the regional level.

4. CONGRESSIONAL AND OTHER HIGH-PRIORITY INQUIRIES

The number of high-priority inquiries increased almost 37 percent—169,000 were received in 1971 compared with 123,000 in 1970. Congressional inquiries now account for 60 percent of total receipts—up from 53 percent last year. A new high of over 41,000 telephone inquiries was reached—almost 69 percent more than in 1970. For the last 6 months of 1971, inquiries rose sharply to an average of over 4,200 items weekly, in contrast to the first 6 months' weekly average of around 2,750, and last year's average of about 2,500. The late upsurge in inquiries necessitated the use of "shortcut" methods for processing high-priority items. Despite these methods and the use of large amounts of overtime, the pending workload increased to 29,643 at the end of 1971 —more than three times the 9,382 pending a year earlier.

In both DI and RSI programs, the largest group of queries involved status of claims—over 21,000 DI and 26,000 RSI. In the HI program, questions dealing with ECF's aroused the greatest interest, with over 5,500 inquiries, of which 4,300 were Congressionals.

Receipts of Congressional and Other High-Priority Inquiries by Categories of Interest



F. BUREAU OF DISTRICT OFFICE OPERATIONS

1. WORKLOADS

RSDI Claims Applications[1]

(Thousands)

	Receipts			Clearances			End-of-Year Pendings		
	69	70	71	69	70	71	69	70	71
RSI	3,588	3,567	3,678	3,628	3,565	3,686	152	154	146
DI	1,064	1,152	1,384	1,072	1,134	1,396	94	111	99
Total	4,653	4,719	5,062	4,700	4,699	5,082	246	265	245

[1] Does not include BL claims.

Despite an overall increase of 7.3 percent in RSDI receipts, pendings at the end of 1971 were reduced by 7.6 percent compared to the end of 1970. The most significant changes with respect to both receipts and pendings were in disability, with a 20.1 percent increase in receipts and a 10.8 percent decrease in end-of-year pendings.

Black Lung Claims Receipts

(Thousands)

	TOTAL	Philadelphia	Atlanta	Other 9 Regions
1970	172 (100%)	115 (67%)	38 (22%)	19 (11%)
1971	143 (100%)	70 (48%)	31 (22%)	42 (30%)

Over 50 percent of the initial BL claims receipts were concentrated in 30 DO's. The personnel in these offices, with help from details from other offices and BDI, worked very effectively to reduce total BL claims pending from 116,725 at the end of June 1970. to 8,265 at the end of June 1971. BL reconsideration and hearings workload receipts are expected to continue to run high in 1972, but receipts of initial claims applications seem to have stabilized at about 2,000 per week.

2. DO RSI ACCURACY AND PROCESSING TIME [1]

Overall accuracy improved during the year, while processing time remained the same.

[1] The phasing in of simultaneous development of disability cases caused distortions in SSA Claims Control System data for disability cases. Reliable DO disability performance data is not available for 1971. Programs have been developed to provide reliable data for 1972.

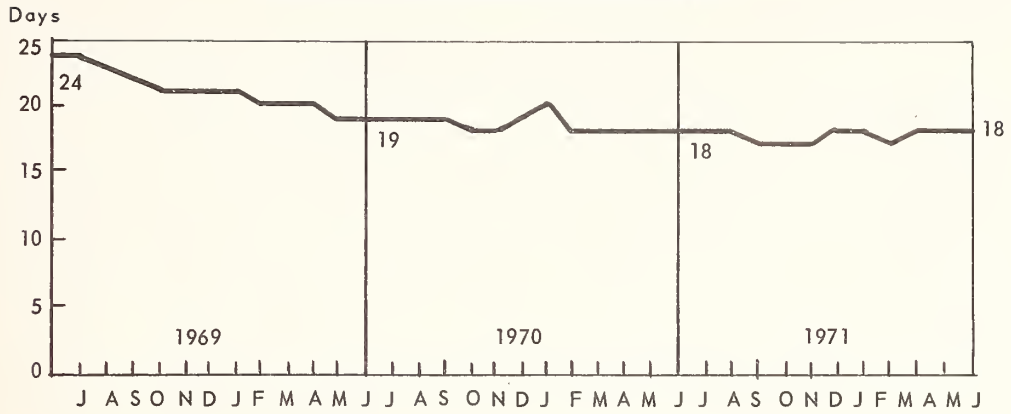
a. Accuracy of All Cases Entering Payment Centers

	1969	1970	1971
Actual Payment Deficiencies	2.8%	3.4%	3.2%
Potential Payment Deficiencies	6.0%	1.3%	1.4%
Development Deficiencies	8.4%	9.5%	7.4%
Cases Free of Deficiencies	82.8%	85.8%	88.0%

b. Processing Time

DO mean processing time for RSI claims remained at 18 days during most of the year, equalling the low reached during the latter part of 1970.

RSI Claims Processing Time (Mean)

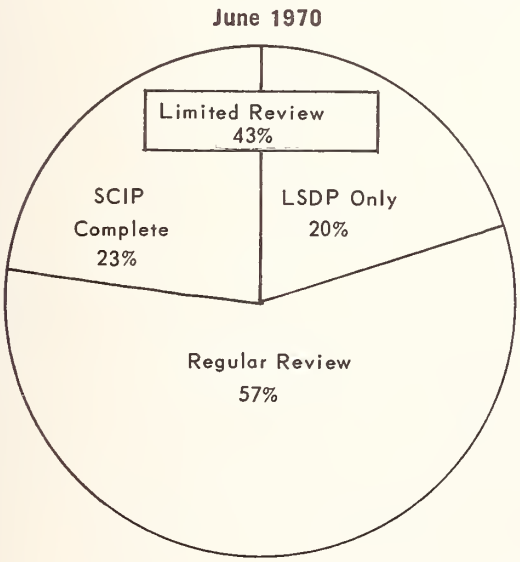


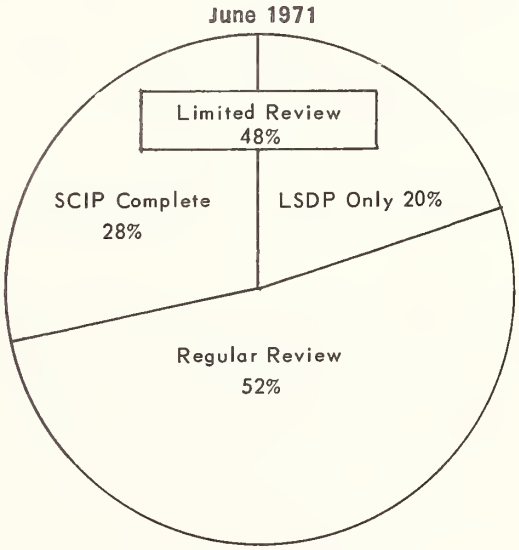
3. DO LIMITED REVIEW CASES [1]

Limited review continued to be significant in stabilizing overall (DO & PC) processing time. Both the actual number of cases (30,000 to 32,000 applications per week) and the proportion of the total claims workload processed through limited review (48 percent) were significantly higher in June 1971 than in June 1970. Last year, 28,000 to 30,000 applications per week, or 43 percent of the total, were processed through limited review.

Comparison of Cases by Type of Review

June 1970 vs. June 1971





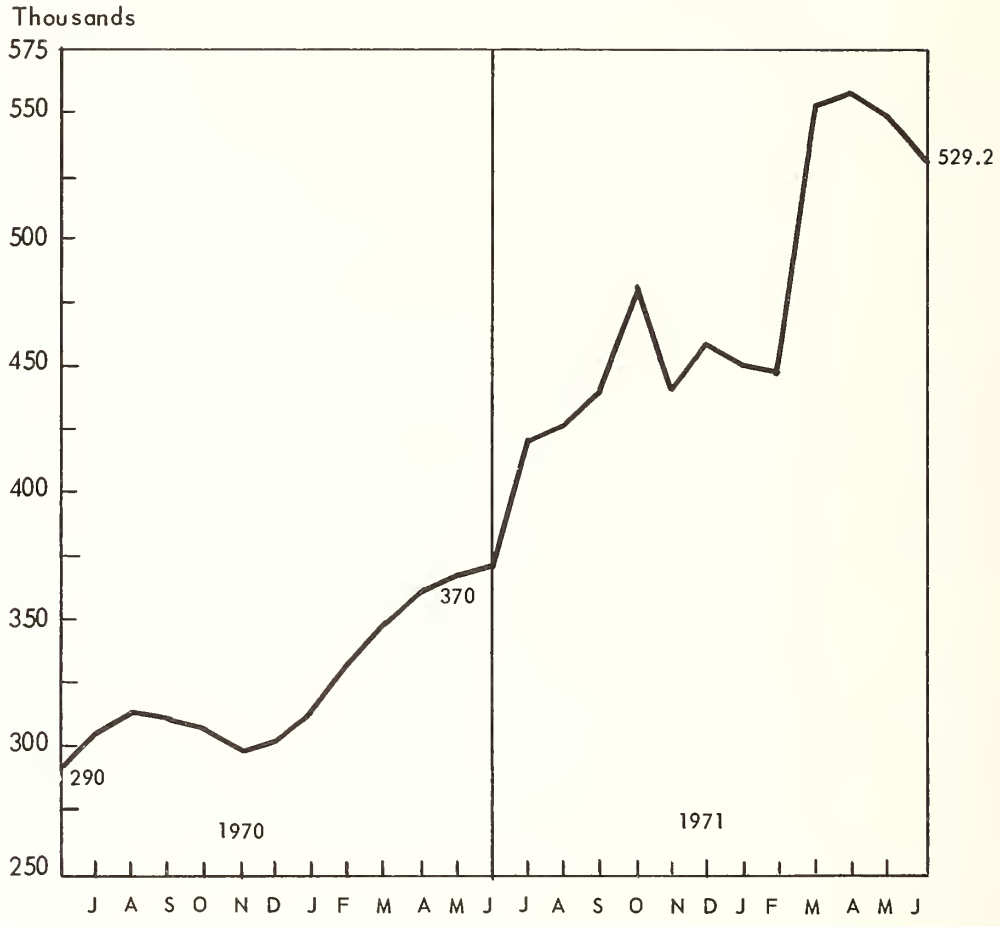
Processing Time

Processing Time (Mean Days)	SCIP Complete		LSDP Only		Regular Review	
	6/70	6/71	6/70	6/71	6/70	6/71
DO Time	16.2	15.8	14.2	15.0	20.8	20.2
PC Time	13.5	11.7	19.1	16.0	38.5	44.2
Transit Time	2.5	2.4	2.4	2.3	3.0	2.8
Total	32.2	29.9	35.7	33.3	62.3	67.2

[1]Selected RSI cases finally adjudicated by DO's subject to a limited review (5 percent for LSDP, 10 percent for SCIP) by the PC's.

4. POST-ENTITLEMENT ACTIONS

DO Direct Input of Notices



Direct input of notices by DO's increased by 43 percent from June 1970 to June 1971 largely because of implementation of the direct age-18 student conversion system in October 1970 and the direct stop-start work notice system in February 1971. Service to the beneficiary improved as a result of these direct input systems, both in terms of improved timeliness and increased accuracy of actions. A more sophisticated, less restrictive direct work notice system will be in operation by December 1971, followed by the direct input of additional suspension and termination reports (marriage, divorce, annulment, child-in-care, etc.) in early 1972.

5. TAILORED SERVICE

BDOO significantly expanded its efforts to tailor service more closely to the needs and preferences of claimants and beneficiaries. A wide range of claims and post-entitlement actions traditionally handled by face-to-face interviews, was conducted by telephone, mail, or with the assistance of third parties, especially employers. These alternative methods of service recognized public experience with and acceptance of the methods of operation of large businesses and institutions, rising educational levels, and changes in technology. Managed properly, the tailored service concept better serves public needs and at the same time helps give DO staff better control of workloads as they grow in volume and complexity.

a. Teleservice

Early experience with teleservice had shown that increased accessibility of SSA's full range of services to the public via telephone created a variety of management problems ranging from equipment needs to position mix. In response, a two-phased implementation plan was intro-

duced, based on service area and workload characteristics, manpower resources, and equipment capability in each office. In the first phase, DO's initiate calls in selected claims and post-entitlement workload areas; the DO has control over both workload volume and mix. The second phase of the plan involves handling public-initiated calls to conduct business with the DO as well as DO-initiated calls. This phase requires changes in managing resources and expanding equipment, as well as an intensive public information program on the availability of this service.

Evaluation of telephone systems made it apparent that many offices were not equipped to handle the increased volume of traffic resulting from teleservice. Therefore, in 109 district and branch office systems the number of lines was increased and special equipment, such as headsets and recording devices, was used.

Nationally, toll-free calls became a major consideration as teleservice went into operation. Three means of providing this service are now in use: Foreign Exchange (FX), Wide-Area Telephone Service (WATS) lines, and Enterprise Systems. At the end of the year, 291 offices employed at least one of these toll-free systems.

By the end of June, most DO's were carrying out the first phase of teleservice and about 30 percent of all applications for benefits and post-entitlement contacts were handled in this manner. In addition, plans were formulated and work has begun to prepare for the second phase.

b. Employer Assistance

DO's contacted 4,127 employers during 1970 and 1971 to ask their cooperation in assisting employees in social security matters. Of those contacted, 3,080, with nearly 8½ million employees, agreed to provide some degree of assistance. This help ranges from providing preretirement counseling to obtaining signed applications from the employee and his spouse. Ten percent of the cooperating employers agreed to help employees complete their applications and get supporting evidence.

c. Field Facilities

Although teleservice and third-party assistance meet the needs of many people, we still need to provide face-to-face service as conveniently as possible. The need for additional field offices continues to grow. In spite of restrictions on opening new facilities during the first part of the year, branch offices increased by 44 in 1971, bringing the total to 235.

Progress was also made in the DO construction program:

- Construction funds were approved for 28 locations, and approval was requested for 13 additional locations.
- Construction contracts were awarded for 12 DO's to be completed in 1972.
- Site acquisition and building design funds were requested for 31 locations.

6. METROPOLITAN ANSWERING SERVICE

Metropolitan Answering Service, a unit of SSA employees with special telephone equipment to handle calls for a cluster of district and branch offices, had been successfully field-tested in Washington, D.C., and in Los Angeles, California, during 1969. During 1971, similar units were added in the Chicago, Cleveland, and Tampa metropolitan areas. These five units are expected to handle about 3,000,000 calls per year for the 50 offices they serve.

Planning was largely completed for opening eight additional MAS units in 1972.

7. EMPLOYEE DEVELOPMENT AND TRAINING

a. Career Development

Thirty-four BDOO staff completed the SSA Staff Development Program during the year, and 60 additional Bureau employees were selected to participate in the program. BDOO planned additional training for program coordinators to enable them to offer increased counseling services to ensure that maximum benefits are derived from program participation.

During the year, several regions began redesigning existing regional career development programs to conform with the formal SSA guides recently issued for these activities. Regional career development programs provide developmental opportunities, through planned experience in a variety of district and regional office operations, to employees who are not participating in the SSA-Wide Staff Development or Management Intern Programs.

b. Training

Program changes and revisions in organization and methods in district and branch offices had made many segments of the Claim Representative Trainee Basic Training Course obsolete. During 1971, BDOO completely revised and updated the course, based on a comprehensive job analysis of the CR position. A profile of the CR job was developed and the frequency and scope of various technical tasks were determined. From this profile, Bureau central, regional, and field office personnel established realistic course objectives with OA's help.

Several field work groups helped develop the course and course-evaluation methods. The program bureaus were helpful in quickly handling the technical review of course materials. As a result, the revised course was ready for use in all training centers in time for the massive task of CRT training which occurs in the summer months. Effectiveness of the program will be evaluated early in 1972.

8. APPRAISAL ACTIVITIES

a. Quality Specialist Study

During 1971, BDOO conducted an extensive study to determine whether specialization of the quality control function or a redirection of supervisory activity might increase accuracy in the DO's.

Thirty DO's in three BDOO regions and the Kansas City PC participated in this study. DO's were divided into three groups of 10. In the first group the quality control function was specialized and given to a technical employee (quality specialist) whose primary functon was to review and make recommendations on all aspects of DO operations pertaining to quality. In 10 other offices supervisory time and activity were redirected toward similar quality control efforts. The remaining offices were a control group—no changes were made in their operation nor were they aware of their part in the study. Preliminary findings indicated that specialization of the quality control function, per se, did not of itself significantly affect the quality of the product. However, the study did highlight the need for increased emphasis on quality control and provided insights into both the nature of the problem and the approaches to a more effective quality control system.

b. New Approach to Comprehensive Reviews

Late in 1971, BDOO implemented a new approach to DO comprehensive reviews. Its key innovation is self-appraisal by DO management. Previously the complete comprehensive review was conducted on-site by an RO team which presented its findings and recommendations to the DO manager for necessary action. Under the new review method, the district manager and his supervisory staff conduct an appraisal of their entire operation about 2 months before to a scheduled onsite review. The manager sends his findings and recommendations to the BDOO:RO which reviews them and sends appropriate sections to the program bureau regional offices. The RO team then uses the information to tailor agendas for the subsequent onsite validation review.

Early experience with the new approach pointed up the need to provide the district manager with a functional guide for self-appraisal. The DO review guide is being revised to meet that need.

9. UNION REPRESENTATION

Union organization of BDOO field employees continued; the number of districts having exclusive recognition increased 29.9 percent, and the number of multi-district units quadrupled. Approximately 50 percent of the BDOO field staff are now represented.

	Number of Districts	Number of Multi-District Units	Number of Employees Represented
July 1970	187	2	8,620
July 1971	243	8	9,585

The substantial increase in union recognition presented BDOO personnel with a critical training task in contract negotiations. Selected BDOO regional and district office management personnel from all the regions participated in a highly successful seminar program dealing with labor negotiation. The program, developed and conducted through a joint effort of BDOO and OA, provides a full range of simulated negotiations activities. Participants included managers who were, or were about to become, directly involved with employee organizations. The training was also used to prepare RO participants for negotiating multi-unit agreements.

10. MINORITY RECRUITMENT

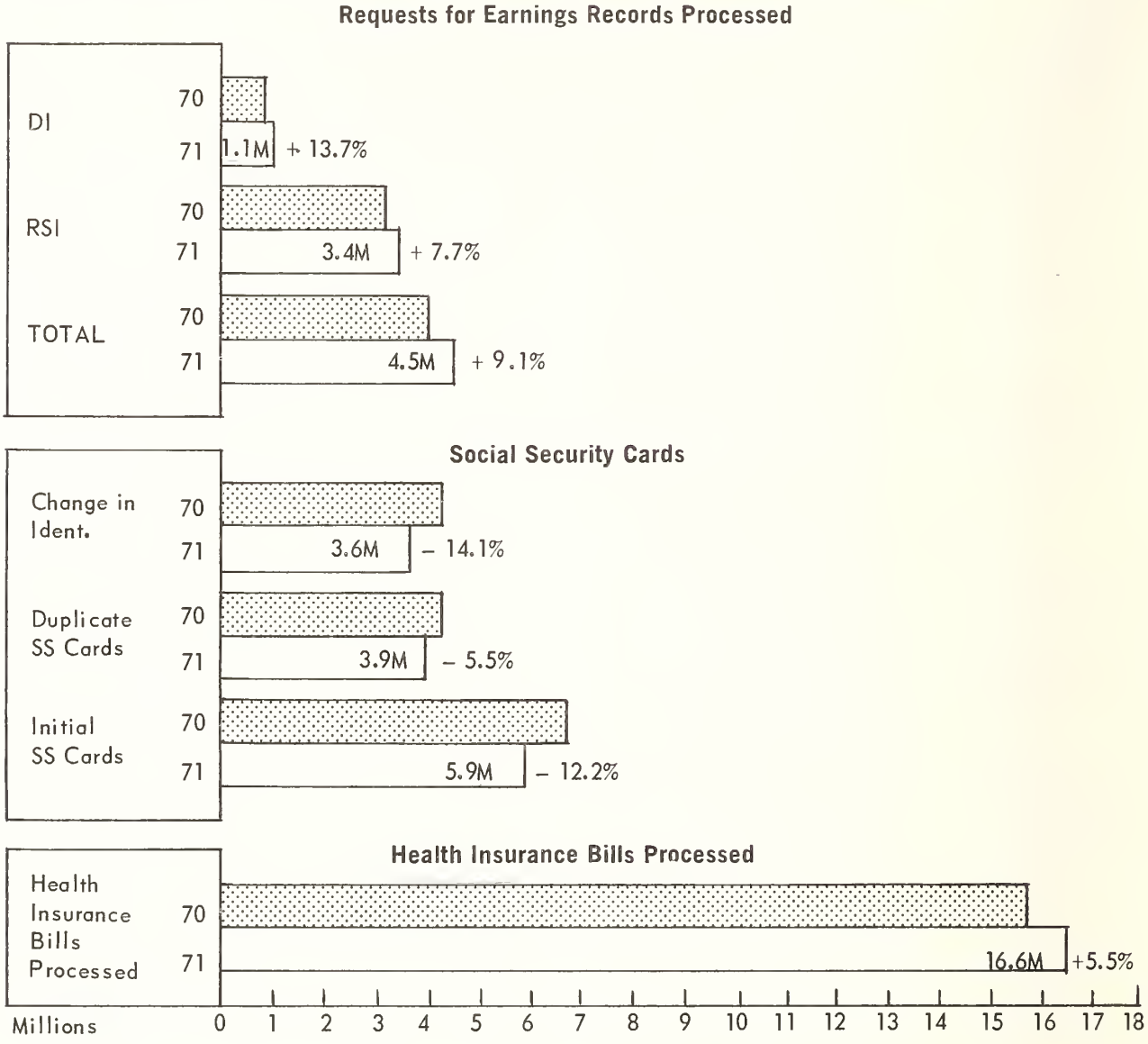
BDOO staff completed a successful effort to improve representation of minority groups in district and branch offices. Late in 1971, the Bureau received an advance recruitment allocation for 600 claims representative trainees. A recruitment goal was established of at least 300 minority candidates within this allocation, including 155 Negro, 125 Spanish-American, and 20 Oriental or American-Indian claims representatives. To accomplish this, the Bureau set goals for each region, based on the composition of its population and the minority representation in its work force.

This translation of minority recruitment needs into specific regional goals was highly successful. A number of regions undertook cooperative efforts to recruit minority candidates across regional lines. Nationally, the goals for each category of minority recruitment were exceeded. Of the 600 claims representative trainees to enter on duty early in 1972, 163 are Negroes, 146 are Spanish-Americans, and 27 are Orientals or American-Indians.

G. BUREAU OF DATA PROCESSING

1. WORKLOADS

BDP processed significantly more earnings record requests and health insurance bills in 1971 than 1970, whereas workloads relating to social security cards declined sharply.



Magnetic tape reporting of health insurance bills increased markedly this year. Slightly more than 40 percent of the bills processed were received on magnetic tape compared to 25 percent for 1970.

Health Insurance Bills Processed
(Millions)

Fiscal Year	Total Items	Magnetic Tape	Manually-Punched	% Magnetic Tape
1970	15.7	3.9	11.8	25
1971	16.6	6.7	9.9	40

The largest workload, earnings items processed, increased slightly this year. The percentage of items automatically processed increased, but at a lower rate than in previous years. Since 1967, the percentage of total workload items automatically processed has increased from 24 to 43 percent. During this period, successfully scanned items increased by 68 million while tape-reported items increased by 19 million. Tape reports from corporation, States, and the self-employed accounted for most of the latter increase.

Earnings Items Processed

(Millions)

Fiscal Year	Total Items	Reported on Magnetic Tape (Incl. S/E)	Optically Scanned		Manually-Punched	
			Entered	Good Items	Re-Entry From Scanner	Non-Scannable
1967	287	35	55	33	22	197
1968	355	37	135	69	66	183
1969	343	44	158	84	74	141
1970	358	49	179	103	76	131
1971	358	54	179	101	78	125

2. DATA DEVELOPMENT TIME-SHARING SYSTEM

Over the past few years, an increasing number of SSA components have recognized the need for computers to strengthen their capability for research, analysis, and monitoring of operations, and to better meet their management information needs. The practice of contracting with outside data processing firms was used in many cases, especially when individual need was not sufficient to justify acquiring a computer. After careful evaluation, a decision was made to obtain a UNIVAC 1106 to serve more effectively and efficiently the large number of such SSA user groups.

The UNIVAC system (known as the Data Development Time-Sharing System) operates on a time-sharing basis with users connected by remote-terminal devices to the main computer configuration located in BDP. This allows a large number of users at different locations to have almost instant computer service.

During 1971, BDP implemented Phase I of the system, which included installation of five remote terminals connected via telephone lines to the UNIVAC 1106. Phase II of this system, scheduled to begin in early 1972, will extend the present interactive capability to additional users and provide on-line access to large data bases for a variety of information needs. The system now is serving some of the needs of numerous SSA groups including economists, statisticians, actuaries, analysts, and programmers.

Full implementation of the system will better meet the needs of SSA components and at a substantial cost saving, as less use is made of contracts with outside data processors.

3. ELECTRONIC VERIFICATION OF ALLEGED NUMBERS (EVAN)

The EVAN system, as originally implemented in January 1970, enabled DO's to key and transmit, via the Advanced Records System (ARS), selected identifying data from requests for duplicate SSN cards. In turn, this identifying data is compared electronically with BDP records each night and replies are transmitted via ARS the following morning.

During 1971, this system was converted from second- to third-generation computer processing, thereby cutting the nightly file search time in half. This enabled EVAN replies to be transmitted as ARS night traffic—a substantial saving over daytime traffic costs. This system also got the replies back to the DO's earlier, providing improved SSN service to the public.

EVAN requests for 1971 totalled 1.8 million. EVAN benefited BDP by halving the volume of duplicate requests for clerical verification to the SS-5 files—a saving of about 1.3 million items and 11.3 man-years. The volume of duplicate cards prepared and mailed by BDP was also reduced by 0.4 million, but man-year savings were largely offset since DO's still had to type and mail the cards. Overall there was a net gain from EVAN consisting of the intangible benefits of improved account number service to the

public, plus the tangible savings of some 11 man-years from electronic verification with the summary earnings records instead of clerical verification with the SS-5 files.

4. ADVANCED COMPUTER TECHNOLOGY

a. Operating Systems

The conversion from 7080 to 360/65 equipment required both converting existing programs and developing sophisticated operating systems to accommodate the multi-programming environment in which the new equipment operates. By the close of 1971, 170 of the 569 "old" programs had not yet been converted. These were scheduled to be converted by December 1971.

Operating systems were developed for each 360/65 system functioning in the 360 mode. The operating systems, which consist of language translators and service programs operating under integrated control routines, interface between the computer hardware and the instructions that programmers prepare for the computer to perform work.

Because of the number of 360/65 computers required to process the EDP workload, BDP also developed operating systems to link the computers in such a way as to effect a single computer complex. This link between computers takes the form of shared libraries and catalogs of data sets residing on direct access storage devices. Consequently, families of jobs which exceed the capacity of one computer, and require the same libraries or data files, can be processed on any of the four computers in a given complex.

b. Attached Support Processor (ASP)

BDP is currently pilot testing (on two of its 360/65 systems) the revolutionary software system, ASP. This system, initially provided by the vendor but modified and extended by BDP, is designed to give multi-computer capability to System 360 Operating Systems and to optimize the use of computer resources.

ASP connects a number of computer systems, designating one computer as the support processor while the others act as controlled main processors. This centralizes the time-consuming support functions such as card reading, printing, and tape setup instructions, freeing the mains for more rapid processing tasks. ASP also features the arrangement of computer system components into operationally functional areas. As examples: The tape drives are configured as one large pool; printers and card readers are also pooled. ASP appears to hold great promise for the future. In years to come it is expected to help SSA overcome many of the operational problems that exist in this installation, one of the largest data processing organizations in the world.

c. Datanetics/Datametrics System

The Datanetics/Datametrics automatic computer scheduling system is currently in the early stages of implementation. It is being developed by BDP personnel and Comress, Inc., with real-time job scheduling capability expected to be provided SSA's large-scale EDP systems. Developments in these systems, which began in 1970, were concentrated during 1971 on creating a data base upon which the scheduler could operate, and on designing procedures to interface operating personnel with the automated system. During this same time frame, the necessary program communications between the automated Tape Library Control System and the automated Computer Scheduling System were completed to provide for tape requests in accordance with the generated schedule.

d. Tape Library Control System

The efficient control and movement of magnetic tape within the EDP installation vitally affect the efficiency of all computer systems. In 1971, the Tape Library Control System was redesigned to attain greater efficiency and economy. An automated real-time system was put into operation; it uses part of one 360/65 and features telecommunication devices for the rapid retrieval and establishment of reels. This system, which has been in operation 24 hours per day, 6 days a week, since December 1970, controls over 200,000 reels of tape.

e. Automatic Tape Label Printing Facility

A significant step forward in third-generation computer technology was taken when BDP developed its automatic tape label printing facility. Using an inexpensive telecommunications device with specially developed system software, this facility automatically prepares gummed labels which can be easily affixed to a tape reel. Operating personnel need no longer perform the clerical function of recording tape reel character-

istics and identification information. The automatic preparation of labels was implemented on four 360/65 systems, and will be extended to six other systems as soon as the necessary hardware is installed.

f. Test Procedures

BDP staff devised new techniques to handle the test requirements of programmers in the third-generation environment. This came about because a programmer could no longer schedule a computer to verify that a new program was functioning properly since multi-programming requires that computer resources be shared. Testing procedures for verifying new programs had to be developed.

Two categories of tests, neither of which requires the presence of the programmer, were implemented. The first category, known as remote testing, requires the programmer to submit his program deck and a list of the resources which are needed, as well as any special instructions. EDP operating personnel then perform the entire testing operation, which includes retrieving tape reels, scheduling and running the job, establishing newly created tape reels, and returning output to the programmer.

The second category, express testing, was developed specifically to yield rapid response for programs in development, but may also be used if a test requires no setup of tape volumes. Procedures were established to allow the programmer to place his source decks and test data on direct-access storage devices. These procedures permit the updating and immediate recompilation and execution of these programs. Outputs are produced virtually immediately on "dedicated" printers. Recently, this facility has been extended to enable inputs to be submitted and the outputs to be printed at a terminal facility located outside the EDP security area. Results experienced with express testing have been excellent, and in many cases yield turnaround to the programmer in less than 1 hour.

5. VALIDATION OF SSN's FOR MILITARY PERSONNEL

In May 1969, the Army began using the SSN rather than the traditional military service number, as the unique identifier of its personnel. The other military service branches followed, and by July 1, 1971, all had converted over to the use of the SSN. Then the Department of Defense requested that SSA undertake the major task of verifying all SSN's of military personnel. During 1971, 4.1 million of these numbers were validated to social security records, and about 500,000 unverified numbers were returned to the military components for correction and resubmission. This validation process should result in a minimal number of improperly reported earnings items for military personnel. Also, the tapes of verified SSN's will be used to match against military suspense items. In this way, BDP will be able to reinstate a large number of improperly reported earnings items for military personnel.

6. DIRECT INPUT OF POST-ENTITLEMENT NOTICES

The direct input facilities (via ARS) were expanded to accept School Child Diary Notices and work notices. The student form, to provide automatic student awards, was first processed in October 1970, and work notices from DO's were first processed in February 1971. In both these improvements the capability to return appropriate messages to DC's was provided. Further expansion in the direct-input area has received interbureau approval, and progress is continuing toward the goal of 100 percent direct input of post-entitlement notices.

7. BENEFIT CONVERSION OPERATIONS

The EDP operations to implement the benefit rate increase authorized by the 1971 amendments began as scheduled, on April 23, 1971. The high-speed operation of third-generation equipment and the number of computer systems available in SSA, contributed to a substantial reduction in use of computer time to achieve the conversion. In all, the EDP records for more than 22,000,000 accounts were converted, using about 500 hours of large-scale computer time. Corresponding data for the last benefit conversion was 21,000,000 accounts and 769 computer hours.

A special updating of the master beneficiary records was made to record all outstanding actions in the system before beginning the actual benefit conversion operations. This approach helped to reduce the number of cases requiring manual review and possible adjustment, and permitted all the post-entitlement EDP operations to function normally throughout the month except for a few days at the end.

These improvements reduced the number of alerts for manual handling to approximately 440,000 accounts, or 1.97 percent of the total accounts in force. In the previous conversion, alerts totalled 561,000, representing 2.7 percent of the total number of accounts in force.

8. SELECTION AND TRAINING OF SUPERVISORS

During 1971, BDP began two experimental programs to select and train staff at the first and second levels of supervision. At the firstline level, 50 trainees were selected to become journeyman supervisors after 1 year of formal and on-the-job training. Trainees may be removed from the program at any time during the training period. At the secondline level, 25 firstline supervisors were selected for a "Supervisory Corps Program." This program is designed to give selected firstline supervisors formal and on-the-job training as preparation for a secondline job.

H. BUREAU OF RETIREMENT AND SURVIVORS INSURANCE

1. WORKLOADS

RSI Claims

(Thousands)

	PC Folders		
	1969	1970	1971
Receipts	3,225	3,019	3,100
Clearances	3,299	3,051	3,034
End-of-Year Pendings	210	177	243

Receipts for the year and pendings at the end of 1971 were higher than for 1970. In addition, the monthly average of pendings among PC's for the last quarter decreased from 235.3 thousand in 1970 to 184.5 thousand in 1971. The yearly average monthly pendings rose from 175.8 thousand in 1970 to 209.6 thousand this year.

2. BENEFIT CONVERSION

As compared to the 1970 conversion, significant improvements took place in the computer operations (both in programming and related procedures) in converting the RSI benefit rolls in 1971. Despite an increase of 800,000 benefit conversion computer output forms since the 1970 conversion (20.3 million vs. 19.5 million), there were only 366,000 computer alerts (actions that required manual handling) in 1971, as compared to 497,000 in 1970. This is especially significant since there was also an additional 2 months' retroactivity in 1971. The additional retroactivity would normally be expected to increase the number of alerts by about 10,000 items per month. The conversion operation was completed in 8 weeks in 1970, but took 9 weeks in 1971 although there were 131,000 fewer alerts to be processed. This is largely attributable to the decision to pay the retroactive increase even though the account was alerted as questionable. In the past the retroactive increase was not paid where the account was identified as questionable in the conversion operations. Accordingly, no special urgency was attached to processing this workload immediately since at least a 10 percent increase was paid in each case and any subsequent adjustment would be very slight.

Another contributing factor appears to have been the much higher pending claims and PE workloads at the start of the conversion period in 1971, than in 1970 (421,000 in 1971; 286,000 in 1970). However, the 1971 conversion was completed on time, and pending workloads at the end of the 1971 conversion period increased only moderately as compared to the 1970 experience (42,000 in 1971; 83,000 in 1970).

3. LIMITED REVIEW

The limited review process for lump-sum cases and certain monthly benefit claims has been working as expected. Under this concept the DO's have been delegated the authority to take final authorization action on most lump-sum claims. In addition certain monthly benefit claims forwarded by the DO's are not subject to claims authorization review. The PC's perform a sample review as a quality control measure on both types of cases (5 percent of lump-sum awards and 10 percent of specified monthly benefit awards). During 1971, about half of all awards were handled in this manner. This process results in better utilization of manpower, since many claims can be processed effectively without review of the initial decision made by DO personnel. At the same time claims accuracy has not been materially affected.

In 1971, BRSI personnel ran a variety of special studies designed to increase the volume of cases processed under the limited review procedure. The results did not give any information that would appreciably increase the volume of cases and still maintain an acceptable level of accuracy. They did point out that SSA was approaching the maximum volume of cases that could be processed using the SCIP-complete process as the method of selection.

In another approach to selecting cases for limited review, BRSI staff began considering a system for designating the relative error-proneness of cases by inherent, readily identifiable case characteristics. Based on a pilot study a tentative list of conspicuous characteristics of error-prone cases was established. The study also indicated that the percentage of monthly benefit cases in limited review could be increased significantly by selecting cases free of the listed characteristics with no resulting loss in quality. This tentative listing is being tested in a full-scale study that will be completed early in 1972.

4. RSI PROGRAM LIAISON VISITS WITH DO's

BRSI instituted the RSI program liaison visits with DO's in March 1970. This visit program assists the regional representatives, RSI, in providing technical direction over the RSI claims process and helps to achieve unity of action through joint and coordinated efforts of the operating entities involved. The program is a valuable addition to those already available for appraising the quality of the RSI program. In particular, it is an extremely effective means of quickly identifying potential problem areas. Under this program 550 district and branch offices (61 percent of the national total) were visited by the end of 1971.

Results of some visits include:

a. In one visit, it was learned that post offices were holding undeliverable checks for several days before returning them to the Treasury Department. Further investigation revealed that the practice was widespread enough to impair the effectiveness of the Return Check Action Program, which permits the reissuance of checks based on DO direct input of change-of-address actions. BRSI discussed this problem with the Postal Service to establish a uniform procedure for returning undeliverable checks.

b. DO visit reports repeatedly suggested that telephone contacts between PC and DO personnel be allowed for requesting additional information. Three regions are now using the telephone for this purpose. Preliminary indications from these DO-Tel experiments are that this procedure might lower processing times and provide better service to the public.

c. DO personnel expressed a concern over the large number of SCIP cases that were being deleted from the SCIP process as shown in a BDP report. One of the RSI offices therefore conducted a study that uncovered improper deletions and incorrect coding, both in the PC's and DO's. A national study confirmed these findings and resulted in recommendations to improve the SCIP process. At year's end, followup surveillance was continuing on these cases.

5. FEDERAL-STATE AGREEMENTS—AUDIT PROGRAMS

The audit of State and local reporting entities was established in 1971. Its purpose is to provide SSA and the States with systematic methods of ascertaining the degree of compliance with the contracts by which social security coverage has been extended to the services of the States, political subdivisions, and interstate instrumentalities (e.g., New York Port Authority). An SSA task force developed the audit program in conjunction with the Federal-State Procedures Committee of the National Conference of State Social Security Administrators. As such, the program includes an audit of the State Social Security Administrator's Office, either by the DHEW Audit Agency or an SSA audit team made up of representatives from BRSI and BDP. Each State was also given the choice of several methods of reviewing the operation of local reporting entities. Each could arrange for review by the State Administrator's Audit Staff, the State Audit Staff, or an independent audit, under the auspices of the State, provided the audit met Federal criteria; or it could opt for review by the DHEW Audit Agency or jointly by the State and an SSA audit team.

Audits by teams of BRSI policy specialists and BDP systems analysts have been completed in four States, and a continuing schedule of audits has been developed. All interstate instrumentalities (50) elected the DHEW Audit Agency to perform their audits—27 of which have been completed.

6. REPRESENTATIVE PAYEE ONSITE REVIEW PROGRAM

BRSI staff conducted a successful pilot test in 1970 to evaluate the manner in which State mental institutions fulfill their representative payee responsibilities. The objective of the review program is to replace the use of reporting forms by the State representative payees with a biennial onsite review by SSA personnel. The program was put into operation in the three States involved in the study, and national implementation began in October 1970. During 1971, reviews were completed in nine States during October, November, and December, and in 12 States from February through May. Schedules for the remaining States and the District of Columbia have been developed. The program will be decentralized to the RSI regions in 1972.

So far, the use of about 41,000 annual accounting report forms has been eliminated, although only about half the States are now participating in the program. By the end of 1972,

about 100,000 annual accounting forms will have been eliminated as the remaining States are phased in.

In addition to the favorable reception the program has had at the State level, the cooperation of mental institutions has generally been excellent. As a beneficial byproduct, PC, BDI, and DO detailees have gained experience from the opportunity to work together and to acquire greater understanding of each other's roles in the representative payee program.

7. LABOR-MANAGEMENT RELATIONS

During the year, BRSI staff continued to improve labor-management relations between BRSI and the National Office of American Federation of Government Employees (National Council of Social Security Payment Center Locals). National negotiations in December 1970 resulted in the first national agreement in DHEW. This agreement has since been ratified by a majority of the PC locals, and was approved by the Department on June 29, 1971.

In another significant development, BRSI staff and council representatives met in Ann Arbor, Michigan, in August 1970. This meeting continued the practice recommended by the BRSI Task Force on Employee-Management Relations in 1968. However, for the first time, because of exclusive recognition to the union representing all PC employees, the meeting assumed the full character of BRSI-council consultation. Topics of joint concern were discussed frankly, and the participants left with a greater understanding of their mutual concerns and problems.

8. RETURNED CHECK ACTION PROGRAM (REACT)

BRSI, in cooperation with other components, designed and implemented a completely automated system for processing and controlling returned benefit checks. Under this system, the regional disbursement centers place the returned check data on tape and forward it to the PC for transmission into the REACT Program maintained by BDP. On receipt of the data, the REACT Program will either: (1) suspend or reinstate benefits; (2) process a repayment action; (3) direct the returned check data to the Death Termination Program; (4) annotate the return of the check on the MBR; or (5) produce output material for PC manual processing. This systems change has reduced PC clerical handling of the returned check information. Since implementation on November 2, 1970, 357,000 actions have been processed on a fully automated basis, and 150,000 actions with review.

9. TRAINING

In 1971, BRSI developed the first national training plan for claims authorizer trainees. The reports of several study groups, as well as routine program appraisals, pointed to the need for higher quality, more carefully planned, and better coordinated technical training. The project began in November 1970, with the formation of outlines and task analysis sheets. A second task force then developed the training materials, using a systems approach, with emphasis on sample case work. The pilot session, expected to last about 15 weeks, began in the San Francisco PC on June 21, 1971. Upon completion of the pilot session, the program will be applied nationally.

10. ANNUAL REPORT PROCESSING

The PC processing of annual reports was modified so that the reported data is introduced into the EDP system before the report is associated with the claims folder. After the computer output is received, the claims folder is requested for a post-review of the processed action. This enables the PC to process the annual reports without the claims folder, but it may be reducing overall accuracy. In 1971, accuracy was 84 percent at end-of-line compared to 89.3 percent in 1970. This may be due to the large number of cases where the review took place after the action was completed and the notice released. Processing time was 23 days from the receipt of the annual report to the date when all required actions on the annual report were completed—2 days less than in 1970.

I. BUREAU OF DISABILITY INSURANCE

1. WORKLOADS

Disabled Worker Claims Only—Excludes BL Claims
(Thousands)

	SA (Determinations)		BDI (Determinations)	
	1970	1971	1970	1971
Receipts	575.8	728.8	698.3	857.3
Clearances	555.2	696.1	685.0	853.7
End-of-Year Pendings	55.9	87.8	26.9	30.3

Receipts, clearances, and pendings of regular (non-BL) claims were all higher in 1971 than in 1970. End-of-year pendings in SA's increased by 57 percent, and in BDI by 12.7 percent. The increased number of pendings in SA's were due to the expansion of the simultaneous development procedure and the heavy BL workload. In BDI, the BL workload was a major contributor to the increased pending workload.

BL Claims
(Thousands)

	1970	1971
Receipts	172	137
Decisions	16	258
Pendings	156	28

There were no reconsiderations of BL claims in 1970 as BDI did not begin releasing denials until September 1970. By the end of 1971, a total of 77,000 requests for reconsideration had been received. 17,000 had been acted upon (13,000 affirmations), and the first requests for hearings were beginning to be recorded by hearing examiner offices (2,326).

2. STATE AGENCY RECONSIDERATION INTERVIEW STUDY

BDI undertook an experiment to test the effect of conducting a personal interview between the SA examiner and the claimant either: (1) to produce additional information that would permit a reversal of the initial denial; or (2) to satisfy the claimant, the SA, and BDI that the claim had been fully considered and properly evaluated. The experiment began in December 1970 in five State agencies (New York, Texas, Iowa, Georgia, and California, North) after a pilot study had been carried out in the New York and Texas State agencies.

SA personnel selected experimental and control cases at random from reconsideration determinations affirming the initial denial. After the interview in the experimental cases the proportion in which the denials were reversed approximates the rate of denials reversed at hearing. At year's end, hearing request rates among the remaining experimental cases and among the control cases were unknown.

The experiment was suspended at the end of May 1971 so that more effort could be directed to reducing SA pendings. Data derived from the study is being analyzed to determine the feasibility of proceeding further in terms of staffing required, costs involved, and benefits to be derived from the process.

3. SIMULTANEOUS DEVELOPMENT

By the end of 1971, the simultaneous development procedure was being used in 36 State agencies—28 more than in 1970. About 50 percent of the national disability workload is now covered by this procedure. The remaining 17 State agencies were expected to be using it by Octobr 1971. The simultaneous development procedure has been generally successful, with early data suggesting some decline in total processing time. Under this procedure, which began in 1968, the DO, after taking a disability application, forwards the application as soon as possible to the SA where the development of the medical evidence begins. Meanwhile the DO develops the nonmedical aspects of the claim. The purpose of this procedure is to improve the quality of medical development as well as to shorten processing time.

4. CONTINUING DISABILITY INVESTIGATIONS (CDI)

In 1970, BDI changed the method of initiating CDI's. Investigations of possible medical recovery were referred directly to State agencies to write the beneficiary and determine whether to continue or stop benefits. Previously, these cases had been sent to DO's for contact with the beneficiary

and then were forwarded to State agencies for further development (if necessary) and determination. This change reduced the quarterly rate of referrals to DO's of CDI work by about one-third.

In September 1970, BDI adopted a similar procedure for investigating questions on work. BDI now starts investigating these by writing directly to the beneficiary, with the result that between 60 and 65 percent of these cases are no longer referred to DO's. This change has further reduced the DO workload by about one-third from the 1970 level. Thus, the DO load had been reduced by more than 50 percent between the third quarter of 1969—the last when all such cases were still forwarded to DO's—and the last quarter of 1971.

Requests for CDI's Received in DO's

(Thousands)

	Quarter				
	1st	2nd	3rd	4th	Total
1968	31.9	35.2	38.6	38.2	143.9
1969	34.4	36.3	41.7	27.6 [1]	140.0
1970	20.1	26.5	30.5	26.6	103.7
1971	26.6	17.7	17.4	17.3	79.0

[1] Processing of cases in this quarter was deferred until the following quarter, when the revised procedure took effect.

5. SELECTIVE REVIEW OF STATE AGENCY DETERMINATIONS

BDI has extended the sample review of State agency determinations in a continuing effort to expedite cases and to conserve the resources needed to cope with rising regular workloads and possible future legislation. BDI staff first began to limit review of SA allowance determinations in 1964, when certain "clear-cut" childhood disability allowances serviced by the PC's were sent directly from the SA to the PC with only a post-adjudicative review of 10 percent of the determinations by BDI.

In 1970, sample review was extended to: (1) all allowance determinations for claimants age 60 and older at onset; (2) allowances for workers aged 50 to 59, with limited mobility whose impairments meet regulatory medical listings; and (3) allowances of disabled children who were disabled from early childhood and had never worked.

In October 1970, other categories of SA determinations were selected for sample review: initial allowance determinations for additional worker claimants aged 50 to 59, and determinations of continuing disability based on medical reexamination. About 15 percent of SA allowances of initial claims for workers and 50 percent of SA continuing disability determinations bypass BDI review.

6. BLACK LUNG PROGRAM

A Miners Benefit Branch was established in BDI to provide overall direction and coordination of BL program activities as well as to formulate the policies and procedures for implementing the law.

While regulations detailing the medical standards for determining disability and death due to pneumoconiosis were published in the Federal Register in April 1970, BDI staff had to develop a substantial body of policies and procedures to implement the nonmedical provisions of the law and to reflect those in published regulations. BDI adapted provisions for regular disability claims to the BL program, wherever possible, and on March 4, 1971, published them in the Federal Register.

Early in the year, BDI personnel established records in the disability case control system for all accounts on which a miner's or widow's claim had been filed. This produced, for the first time, a net count of claims from which duplicate and subsequent applications were excluded. The records are annotated to indicate allowance or denial of the claim. An annotation is also provided on any case in which a reconsideration is pending, a procedure which has not yet been extended to claims filed under the regular disability program. Consequently, the case control system has been established as a reliable source of certain workload data not otherwise readily available. The case control system is also producing information on aged BL cases, similar to that produced on regular disability claims, which directs managerial attention to delayed cases—particularly those delayed in the SA's.

Congress directed SSA to furnish an annual report on SSA's administrative experience under the BL program. The first such report, covering calendar year 1970, was forwarded to Congress by Secretary Richardson in June 1971. In addition to workload and administrative data on claims filings, dispositions, beneficiary characteristics, program expenditures, etc., the report discusses the major problems and issues en-

countered by SSA and the actions it has taken in administering the program.

From the first few days after enactment in December 1969, a wide range of public informational and professional relations activities have been carried out to promote public knowledge and understanding of the provisions of the BL benefit program. For example: throughout the year numerous meetings and conferences were held with officials of the United Mine Workers' Association and the UMWA Welfare and Retirement Fund and other interested groups, to explain the provisions of the law and SSA's policies and procedures in processing initial BL applications and reconsiderations. In July 1970, the first of a continuing series of SSA-prepared articles on the BL program was published in the *United Mine Workers' Journal*. Since then 10 question-and-answer columns have been published, and the series has become a popular feature of the Journal as evidenced by the continual flow of readership comment and questions.

In February 1971 a joint BDI-OPA black lung public information task force was formed to assess the program's need for new informational materials for national and local use. This task force drafted a standardized question/answer informational packet for use by district managers responding to questions from the public. Guidelines were included for establishing working relationships with local BL advocacy groups. The packets discussed the process of requesting reconsideration of a denied claim, the general requirements for benefits, and the status of the BL program, and included general news releases, human interest stories, radio scripts, and spot announcements.

Work on a proposed pamphlet on the BL program, suitable for distribution to physicians in the coal-mining regions, was also substantially completed during the year. Patterned after the *Physicians Handbook*, used successfully in the DIB program, this pamphlet provides an understandable and concise explanation of SSA's BL evaluation criteria and the text of the regulations.

7. CONGRESSIONAL CORRESPONDENCE

Controlled correspondence reaching BDI (over 90 percent from Congressmen) more than doubled during 1971. At the end of 1971, controlled inquiries averaged nearly 1,200 a week, up from around 300-400 during the preceding year. About 50 percent of the inquiry load at year's end concerned BL claims. Several procedural changes were made to cope with the increased volume. In most allowances a copy of the award, instead of a specially-prepared fact sheet, is sent to OPA. Draft letters, rather than final copies, are prepared for OPA clearance. Other changes included some programmed automatic typing and the elimination of some levels of review in routine replies.

J. BUREAU OF HEALTH INSURANCE

1. BUREAU REORGANIZATION

The first comprehensive reorganization of the Bureau was initiated in 1971. A major objective of the reorganization was to transfer greater operating authority to the RO's. To help support that objective, BHI's regional and central offices were reorganized along functional lines to accommodate the increased authority.

a. Regional Office Changes

In the RO's the assistant regional representative concept of a generalist with across-the-board responsibility for the full range of program activities within a geographical area was changed to that of "program officer", a specialist with responsibility for a specific subject area. Each RO will have an administrative officer and four program officers responsible for: (1) contractor operations, (2) State operations, (3) DO's and professional groups, and (4) program integrity and validation activities. In the New York Region, where more than half of all direct-dealing providers are located, there will be an additional program officer for reimbursement.

The job of the regional representative remains substantially unchanged, but the scope of authority and responsibility has been broadened considerably. Most of the responsibility for contract performance reviews and onsite validation visits to providers and contractors will be transferred to the region. Full authority will be delegated to the regional representative to renew the contracts of those contractors whose performance, in his judgment, is satisfactory. RO's will also monitor intermediary management of the provider audit program, review contractor and State agency budgets and make necessary adjustments, and monitor the intermediaries' fiscal controls. Except where there are special problems involving national policy, legal implications, or multi-regional contractors, RO's will also have authority to negotiate annual settlements and to close agreements on contractors' administrative costs.

b. Central Office Reorganization

Central office operations were regrouped into four principal areas:

PROGRAM POLICY—combining the functions of policy and standards, including instructions coordination and reimbursement.

PROGRAM OPERATIONS—bringing together the functions of contractor operations, State operations, and systems.

PROGRAM REVIEW—combining the staff functions for evaluating program implementation and for liaison with outside organizations such as the DHEW Audit Agency and GAO, which independently evaluate program operations.

CENTRAL OPERATIONS—merging several dispersed program operations and management services to include management, direct reimbursement, Professional Relations Staff, and special operations.

2. HOSPITAL INSURANCE

a. Reasonable Costs

Payments are made to providers of services based on the reasonable cost of covered services to Medicare beneficiaries. Reasonable cost is intended to meet the actual cost of services, except where a particular institution's costs are found to be substantially out of line with those of institutions similar in size, scope of services, utilization, and other relevant factors.

(1) Depreciation

Depreciation of capital assets, a recognized element of reasonable cost, has been a continuing problem because some providers have raised their depreciation basis to obtain higher payments. To clarify the intent of the Medicare program in specifying historical cost as the basis for depreciation, BHI issued instructions during 1971 limiting proprietary providers to a depreciation basis not to exceed the historical cost they were using for Federal income tax purposes.

Regulations published in August 1970 limit the use of accelerated depreciation on new construction and set guidelines for the valuation of newly-acquired assets. After the regulations became effective use of straight-line depreciation became mandatory with one exception—where the cash flow from depreciation on an institution's total assets meet the principal amortization schedules of capital debts, Medicare will allow accelerated depreciation under a declining balance method not to exceed 150 percent of the straight-line rate.

(2) Cost to Related Organizations

One important safeguard against the payment of excessive cost is the principle of "costs to related organizations." When a provider obtains goods or services from an organization to which it is related by control or ownership, the program will recognize only the costs of the goods or services (without profit or other charges) to the related organization. Based on actual case experience BHI identified other kinds of business combinations or organizations whose charges in excess of product or service cost will not be paid by the program.

b. Incentive Reimbursement Experiments

The Social Security Amendments of 1967 authorized SSA to experiment with incentive reimbursement; that is, to explore bases of reimbursement which may be effective in increasing the efficiency and economy of providing health services and in reducing the costs of the Medicare, Medicaid, and child health programs. Three experiments were in operation at the close of the year, and a fourth had been developed to the point that it was expected to begin early in 1972. Eight other proposals were under active consideration.

(1) A target budget experiment is being conducted by the Connecticut Hospital Association. Under this experiment budget approval boards (BAB's) set target budgets for nine departments in each of 18 participating hospitals—six small, six medium, and six large. Hospitals whose actual costs are below the target budgets are paid incentives equal to the difference between actual costs and the target budget, with appropriate adjustments, and those whose costs exceed target amounts receive actual costs. The six small hospitals have actually experimented with the system, and five of the six may have earned incentive payments which will be proved out by audits. The six medium hospitals have merely agreed that some method may be used. The six large hospitals could not reach agreement on an approach and it is doubtful that their problems can be met by this experimental approach.

(2) The labor productivity experiment with Blue Cross of Southern California seeks to reduce labor costs, the largest element of hospital cost. Actual labor performance in 25 participating hospitals is being measured by comparing it with performance standards set by the Commission for Administrative Services in Hospitals using industrial engineering techniques. Each hospital receives an incentive payment, that reflects the savings resulting from improved labor productivity in the current year compared to the previous year. All participating hospitals have completed their first incentive year. As 1971 ended audits were being conducted to measure the changes in productivity that may result in labor cost savings and the payment of incentive awards.

(3) The experiment conducted by the Health Insurance Plan of Greater New York (HIP) is designed to determine the degree to which a prepaid group practice plan can develop efficient arrangements for providing all medical, home care, and institutional services covered by Medicare under a per capita system of reimbursement. Incentive payments are based on the cost experience of Medicare enrollees in the HIP experiment compared to a sample of other Medicare beneficiaries in the area. HIP will profit if the relative increase in HIP enrollees' utilization and cost experience from year to year is less than relative changes occurring in the general community.

(4) In 1971, Maryland Blue Cross began testing an expanded version of an existing cost-containment program with a negative incentive. This experiment will be conducted, under subcontract, by Hospital Cost Analysis Service (HCAS), a quasi-public organization with Statewide cost-finding authority and consultative responsibilities. It will be jointly funded by SSA, the State of Maryland, and Maryland Blue Cross. Under this approach HCAS will evaluate departmental costs in Maryland's voluntary hospitals in the light of economic trends, past cost experience, and costs incurred by other hospitals. It will determine which departments in which hospitals have costs that appear to be out of line. It will then help the hospital to improve its practices. If the hospital rejects recommended improvements HCAS would set an amount for third-party reimbursement which would be reasonable for the hospital if it operated in accordance with the recommendations. Blue Cross, Medicare, and Medicaid will ajust their payments to reflect the "reasonable cost" thus determined.

c. Extended Care Facilities (ECF's) and Home Health Agencies

The need for skilled nursing services is the key to eligibility for both Medicare's extended care and home health benefits. To be eligible for ex-

tended care benefits, the beneficiary must require *continuous* skilled nursing care. For home health benefits, there is a somewhat lesser requirement; i.e., the beneficiary must need *intermittent* skilled nursing care, physical therapy or speech therapy.

Compared with a year earlier the first quarter of 1971 showed a 4 percent increase in the denial of extended care claims and .3 percent denial increase in home health claims resulting from closer review of those claims. ECF's, home health agencies, and their patients continue to express dissatisfaction with the denials. While all of these groups and individuals dislike the legal limitations placed on these benefits and the fact that denials are often retroactive, they believe possible misinterpretations or overly restrictive interpretations of the limitations on these benefits are a primary reason for their claims being denied. In view of this, BHI worked hard to help intermediaries, providers, beneficiaries, and the general public understand the coverage limitations more fully. BHI sharply reduced cases involving retroactive denial of extended care benefits through an assurance-of-payment procedure. This procedure permits early coverage determinations under special circumstances and guarantees coverage during the time it takes to make those determinations. About half of all participating ECF's were using this procedure at year's end and more are expected to use it.

With the assistance of national organizations representing home health agencies, BHI personnel developed comprehensive guidelines on what constitutes skilled nursing home health services. These will be issued as regulations in 1972. In addition, BHI regional and central staff increased their direct contact with intermediates and home health agencies, especially those having difficulty understanding Medicare's home health coverage provisions.

d. Program Validation

Program validation reviews are used to investigate aberrations and identify problems in a provider's operations. These reviews encompass such operating features as billing procedures, utilization review practices, and assessment of care provided, in addition to broad reviews of provider performance.

Primarily, the reviews involve providers whose practices are identified by statistical techniques as probably deviating from normal experience. A sample of institutions classified as normal is also reviewed by BHI staff to test the effectiveness of screens for identifying aberrant situations.

BHI's Program Validation Review Task Force, established in February 1970, became a permanent headquarters staff during 1971. By the end of 1971, RO's had at least one validation review team (consisting of a generalist team leader, an accountant, and a nurse), and most regions will have two teams by January 1972.

Teams of central and regional personnel conducted validation reviews of 168 providers in 1971. Problems disclosed included:

- Discounts often have not been reflected in Medicare billings and various therapies have been overutilized or have been provided without relation to the patient's need and condition.
- Bills have included markups on services purchased under arrangements.
- Ancillary and routine charges frequently have not been properly distinguished and billed.
- Physicians' services have sometimes been overutilized.
- Owner-administrators have been paid questionably large salaries.
- Utilization review is often perfunctory or not done at all.
- Fiscal records have often been inadequate.

Because of staffing limitations validation reviews were concentrated on ECF's. Thus, only a small sampling of hospitals and home health agencies were reviewed. Validation reviews of about 280 providers are expected during 1972 with an approximately equal mix of hospitals and ECF's.

e. Provider Certification—State Agency Surveys

In 1971, the 53 State agencies surveyed about 65 percent of the 13,500 providers of services participating in the program and the 2,760 approved independent laboratories. The State agencies also assisted in making necessary improvements and corrections.

BHI personnel reviewed the operations of 27 State agencies and of some 200 direct-dealing providers during the year to assess the quality of health care being provided and to evaluate the quality of State agency surveys.

3. SUPPLEMENTARY MEDICAL INSURANCE

a. Reasonable Charges

Physicians' services are reimbursed on the basis of reasonable charges, considering the physician's customary charge for a given service and prevailing charges among physicians in the area for a similar service. Prevailing charges set the outer limit on Medicare reasonable charge reimbursement, subject only to the further limitation that a carrier not pay more for a given service than it would pay under its own comparable private plan for a comparable service.

(1) Prevailing Charges

BHI issued revised regulations in December 1970, to provide that carriers' prevailing charge screens may be set at the beginning of each year at the 75th percentile of the customary charges—weighted by frequency—made for services during the preceding closed calendar year. The change was in line with the reasonable-charge provisions of proposed legislation (HR 17550 and HR 1 of the 91st and 92nd Congress, respectively). By the end of the year virtually all carriers had developed the required methodology and prevailing charge screens.

(2) Customary Charges of New Physicians

Since customary charge data is not available for a new physician, a carrier's prevailing charge screens were usually the only reimbursement limits on new physicians' fees.

It was possible, therefore, that reimbursement to a new physician would be higher than that made to an established physician. To correct this inequity BHI issued instructions which based the customary charge limits for a new physician's services on the 50th percentile of the weighted customary charges used to develop the prevailing charge in the locality for the same service and specialty. The 50th percentile now represents the average of a carrier's customary charges for established physicians.

(3) Reimbursement for Nursing Home Visits

For some time there has been concern with the overutilization or borderline medical necessity of physicians' visits to nursing home patients who are suffering from stabilized chronic illnesses. After considerable study and discussion with carriers and others, BHI issued instructions in 1971 that: (a) reimbursement will be allowed, at the housecall rate, for only one physician visit in a calendar month to a stabilized chronic-care nursing home patient, unless the physician satisfactorily documents the medical need for additional visits; and (b) when a number of patients are seen, reimbursement will be permitted at the same customary and prevailing rate as for routine followup office visits unless special or unusual circumstances permit a higher allowance.

b. Procedural Terminology and Coding

Development of a single, universally accepted system that physicians can use to describe, code, and report what they do was studied intensively by BHI staff in 1971.

In March 1971, BHI sponsored a meeting of representatives of the medical community, the insurance industry, and other Federal agencies to discuss uniform coding, terminology, and development of a standardized system for recording and reporting health services. It was agreed that SSA would be the catalyst in developing a uniform system that would meet the approval of major users.

c. Internal Revenue Reporting

In December 1969, IRS issued a ruling that required insurance companies to submit information about direct payments (Medicare assignments) made to physicians and other health-care suppliers during calendar year 1971 and thereafter. However, IRS required that Medicare carriers begin such informational reporting for calendar year 1969, a full 2 years before other third-party payers.

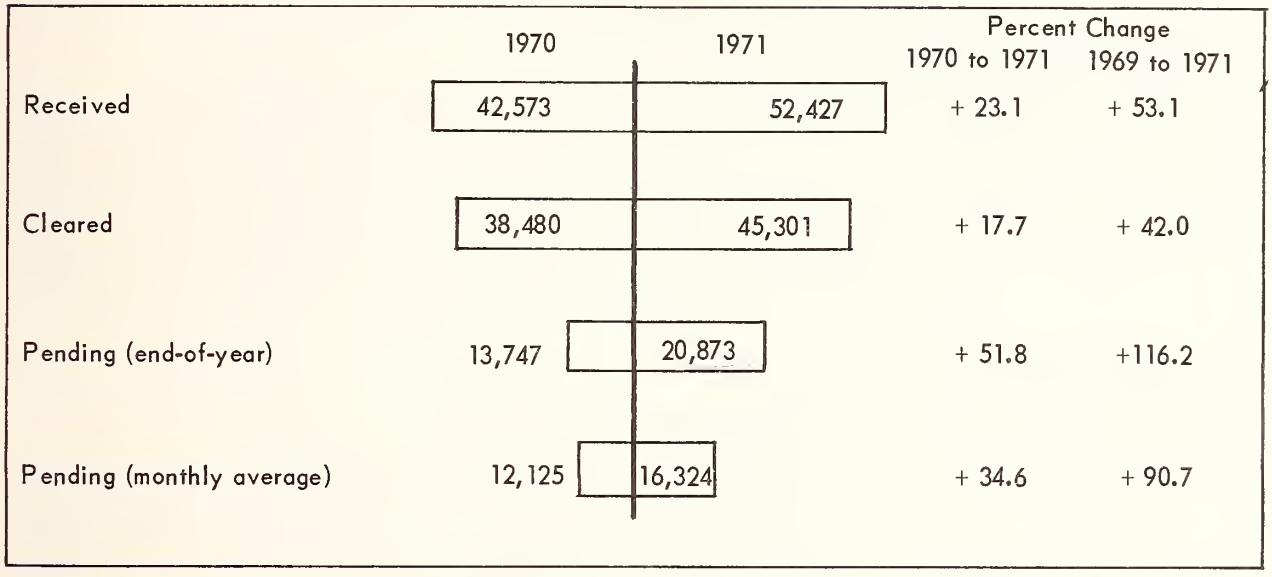
Because of the short notice, 18 carriers were unable to make the required reports for the first year. However, by using data supplied by those 18 carriers, SSA was able to make the reports for them. By the end of calendar 1970, all but three carriers had developed the capability to make the required reports. All carriers are expected to be able to submit the reports for calendar 1971.

K. BUREAU OF HEARINGS AND APPEALS

1. WORKLOADS, PROCESSING TIME, AND MANPOWER

a. Hearing Requests

Hearing Requests Workloads



Receipts of hearing requests in 1971 increased 23 percent over 1970. A record monthly receipt of 6,840 cases was set in June 1971, far exceeding the 1970 record of 3,900 receipts in April 1970.

Program Composition of Hearing Requests Workloads

Fiscal Year	Hearing Requests Received					HI as % of (3)	HI as % of (4)
	Total (1)	BL (2)	Total W/O BL (3)	Non-DIB [1] (4)	HI (5)	(6)	(7)
1967	20,717		20,717	2,909	111	.5	3.8
1968	26,946		26,946	3,711	396	1.5	10.7
1969	34,244		34,244	4,182	931	2.7	22.3
1970	42,573		42,573	7,672	2,324	5.5	30.3
1971	52,427	2,326	50,101	9,389	4,395	8.8	46.8

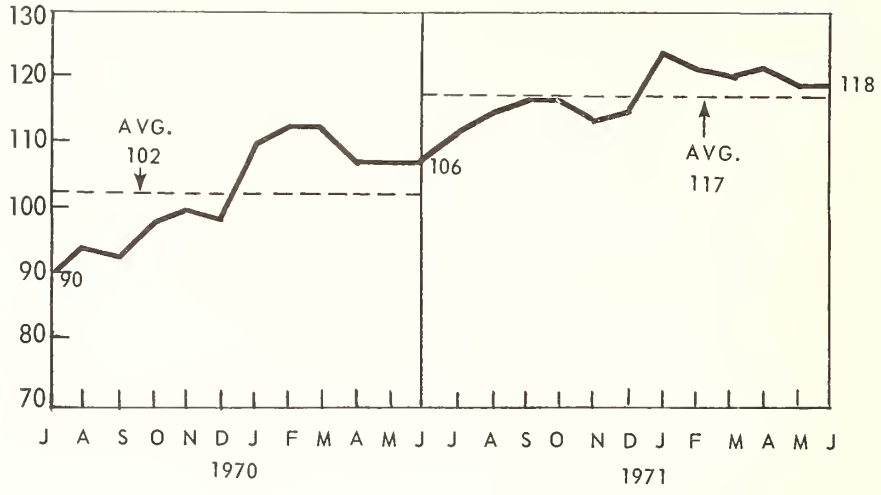
[1] Includes RSI, Disabled Widows, and HI requests.

HI case receipts in 1971 increased 89 percent over 1970 and required setting up a new branch to cope with the increased workload. HI cases now constitute 46.8 percent of non-DIB workload as compared to 30.3 percent in 1970.

There were 2,326 requests for hearing on BL cases in the last quarter of 1971, 77.5 percent of the 3,000 anticipated. No requests were received during the first 3 quarters, since initial BL reconsideration denial notices were not issued until April 1971.

PROCESSING TIME

Median Elapsed Days-Hearing Requested to Disposition
1970-1971



b. Hearing Examiners

Hearings Staff and Productivity

	1970	1971	Percent Change 1970 to 1971	Percent Change 1969 to 1971
HE's on Duty (end-of-year)	278	294	+ 5.8	+ 16.7
Monthly Average	260	287	+ 10.4	+ 12.5
Dispositions Per Experienced HE (monthly average)	12.8	13.7	+ 7.0	+ 26.9
Average Hours Per Disposition Per Experienced HE	11.9	11.0	- 7.6	- 21.4
Pending Per HE (end-of-year)	49.4	71.0	+ 43.7	+ 85.4
Monthly Average	46.4	56.9	+ 22.6	+ 69.3

Twenty-nine new HE's completed a 6-week orientation in the SSA appellate process in February 1971, and 31 more new HE's began their orientation in July 1971. While their numbers increased by only 6 percent, the HE corps achieved an 18 percent increase in production.

c. Appeals Council and Court Activities

Appeals Council

FY	Received	Cleared	Pendings (End-of-Year)
1967	6,792	7,080	1,659
1968	8,288	8,146	1,801
1969	10,743	10,808	1,736
1970	11,276	11,101	1,911
1971	13,115	12,592	2,434

The pending workload of the Appeals Council increased 20 percent during the first half of 1971, but only 6 percent (or 140 cases) during the second 6 months. The Council issued most denials of requests for review within 30 days of receipt and most decisions within 5 months.

Civil Actions Pending in the U.S. Courts

June 30, 1970	2,319
June 30, 1971	2,658

Over 1,500 civil actions were initiated in 1971 by claimants, for an average monthly filing of 137 suits. This pushed the U.S. District Court docket nationally to over 2,600 SSA cases, with a median court case age of 12 months as compared to a median age of 8 months 2 years ago (1969). The courts upheld SSA's final appellate action in 79 percent of their 1971 judgments as compared to 75 percent in 1970.

2. FIELD RESOURCES UTILIZATION TASK FORCE

In September 1970, BHA formed the Field Resources Utilization Task Force to study the hearing process and to find ways to improve effectiveness in handling current and future workloads including the BL workload expected to peak in 1972. One of the task force's primary concerns involved providing HE's with sufficient staff to enable them to improve their productivity. Most of the recommendations offered by the task force in this area were put into effect. For example, 66 support clerical positions were authorized, one for each HE office to perform non-case-related support tasks. Fourteen clerical positions were also added to regional hearings representative offices to help prepare transcripts. By the end of 1971, 25 professional assistant positions were authorized to provide administrative and technical support to hearing examiners. These positions were authorized for 1 year to test whether HE productivity can be increased through this added support. A pilot test earlier in the year was successful, but included too few professional assistants to be conclusive.

3. HEARING EXAMINER OFFICES

During 1971, HE offices were opened in Lansing, Michigan; Hartford, Connecticut; San Bernardino, California; and Memphis, Tennessee; to handle the greater workloads and to provide better services to the public from more accessible field offices. HE offices authorized in late 1971 will be opened in early 1972 in Honolulu, Hawaii; Mayaguez, P.R.; and San Jose and Fresno, California. Where possible, these offices will have two to six HE's to provide maximum efficiency in operation.

4. ORGANIZATIONAL CHANGES

Sharply increasing workloads required organizational changes in BHA. These included:

a. Setting up a temporary unit to conserve HE time by remedying documentation deficiencies in health insurance cases before the file is referred to the HE.

b. Establishing a Management Information and Appraisal Staff to obtain more timely and more detailed management information.

c. Reorganizing the Disability Branch to achieve better quality control and staff supervision.

d. Establishing a Health Insurance Branch for specialized attention to the rapidly increasing workload.

5. BLACK LUNG

In April 1971, BHA established the Black Lung Center in Baltimore to control and prepare BL cases for HE's. This variation from established procedures was taken because of the sensitive and relatively short-term nature of this workload. (SSA is to handle only BL cases filed before January 1, 1973, when the Department of Labor is scheduled to assume responsibility for these claims.) BHA is also establishing six BL field offices and five BL sub-offices near concentrations of BL claimants in Alabama, Kentucky, Pennsylvania, Tennessee, Virginia, and West Virginia.

BHA issued orientation material advising HE's and other professional staff of the provisions of

Title IV of the Federal Coal Mine Health and Safety Act of 1969 and its implementing regulations. This material identified the basic issues and provided guidelines for conducting hearings and preparing decisions.

BHA developed a pamphlet, *Right to Appeal Claims for Black Lung Benefits*, to be included with reconsideration denial notices. The pamphlet describes the hearing process in detail, gives information on the claimant's right to be represented, and states the time limits for pursuing the various appeal steps. In addition, BHA met with local union officials to discuss the hearing process, the right of claimants to be represented, and the various actions that union officials could take to assist claimants.

6. VOCATIONAL EXPERTS

The pilot phase of a project to develop labor market information for use in disability cases was successfully concluded in September 1970, with the cooperation of the United States Training and Employment Service (USTES). Occupational analysts of State employment agencies sampled industries served by the agencies to obtain information on occupations having minimal physical and skill requirements. Many jobs were identified as suitable for people with limited skills and education, and the capacity for only sedentary or light work. Additional States are participating, and others have been invited to submit proposals for participation in an ongoing project.

7. ATTORNEY FEES

In 1971, BHA processed a total of 4,111 petitions for attorney fees, a 6.9 percent increase over 1970. The average fee requested was $592, and the average fee approved was $515—an increase over 1970 of 9.6 percent and 8.4 percent, respectively. The full fee requested was authorized in 82 percent of the cases in 1971. Effective March 1, 1971, hearing examiner authority to approve fees was increased from $500 to $1,000. (The HE authority had been $500 since May 1967. Before that time, it was $300.)